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A STUDY OF VARIABLES
STRATEGIC TO REAL ESTATE SALES ORGANIZATIONS

by



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A THESIS

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ABSTRACT

This thesis deals with the question of "what variables are strategic to the management of a real estate sales organization?" An empirical research study was carried out. The sample included 27 firms, 40 sales offices and 280 sales and management personnel. The sample of firms conducted over 66% of the Edmonton Real Estate Board business in the Edmonton area. The findings of the study were separated into two groups: characteristics of the organization that affected sales performance, and characteristics of the individual salesman that affected sales performance. The organizational determinants of sales performance were found to be use of quota or goal systems for salesmen, frequency of sales meetings and presence of non-selling supervisors. Advertising, in the context within which it was considered in this thesis, was not found to be a determinant of sales performance. Of the individual determinants of sales performance, sex was not important. It was found that men and women tended to be equally successful as residential real estate salesmen but that characteristics of a successful female salesman were different from characteristics of a successful male salesman. The most important personal determinant of sales performance was age, for males; and, for females, education up to high school level. For females age was not highly related to sales performance, and for males, education was not correlated with sales performance. Work habits were also different for males and females. The most important work habit determinant of sales performance, for males, was speed of closing a sale, and for females, length

of time spent interviewing a buyer. Some implications for Edmonton real estate sales organizations stemming from these findings are that selection procedures should be different for male and female real estate salesmen, effective evaluation and control systems should be instituted, sales meetings should be frequent, and managers should not be allowed selling or listing privileges. For individual salesmen, the most important keys to success are introducing a purchase agreement to a client at the earliest possible opportunity, and being able to find out the customer's needs and desires within 10 to 30 minutes during the first interview. However, a caution was given to readers that, for several reasons, extreme caution should be exercised in generalizing these findings.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

A. Nature and Purpose of this Study

Management expert Peter Drucker states that the raison d'etre for any business is "to create a customer." [9, page 1] One measure of the success of a business is how well this function is carried out. Why are some firms singularly effective at creating sales, while others are unsuccessful?

The answer lies, to a large extent, with the marketing management and organization that has been charged with the vital responsibility of creating customers. The choice of operating strategies that are developed and carried out by the marketing organization is crucial to the success of the firm. This study attempts to concentrate on the strategic choices that are available to sales management and to examine their effect on sales performance. This research is centered around the research question,

What factors, within the control of an organization's management, appear to most strongly influence an organization's sales performance?

Specifically, the main purpose of this study was to identify, define, and attempt to assess the relative importance of controllable factors that have an effect on sales performance. In doing so, special attention was devoted to determining the role of the organization as well as the role of the individual salesman in optimizing sales performance. It was hoped that this study would serve as a guide to

the real estate sales manager to help him better choose his sales strategies and provide some assistance to the salesman in selecting sales techniques and work methods. Finally, as with any study of an exploratory nature, it was hoped that this study will serve to provide a broad framework for future, more intensive research.

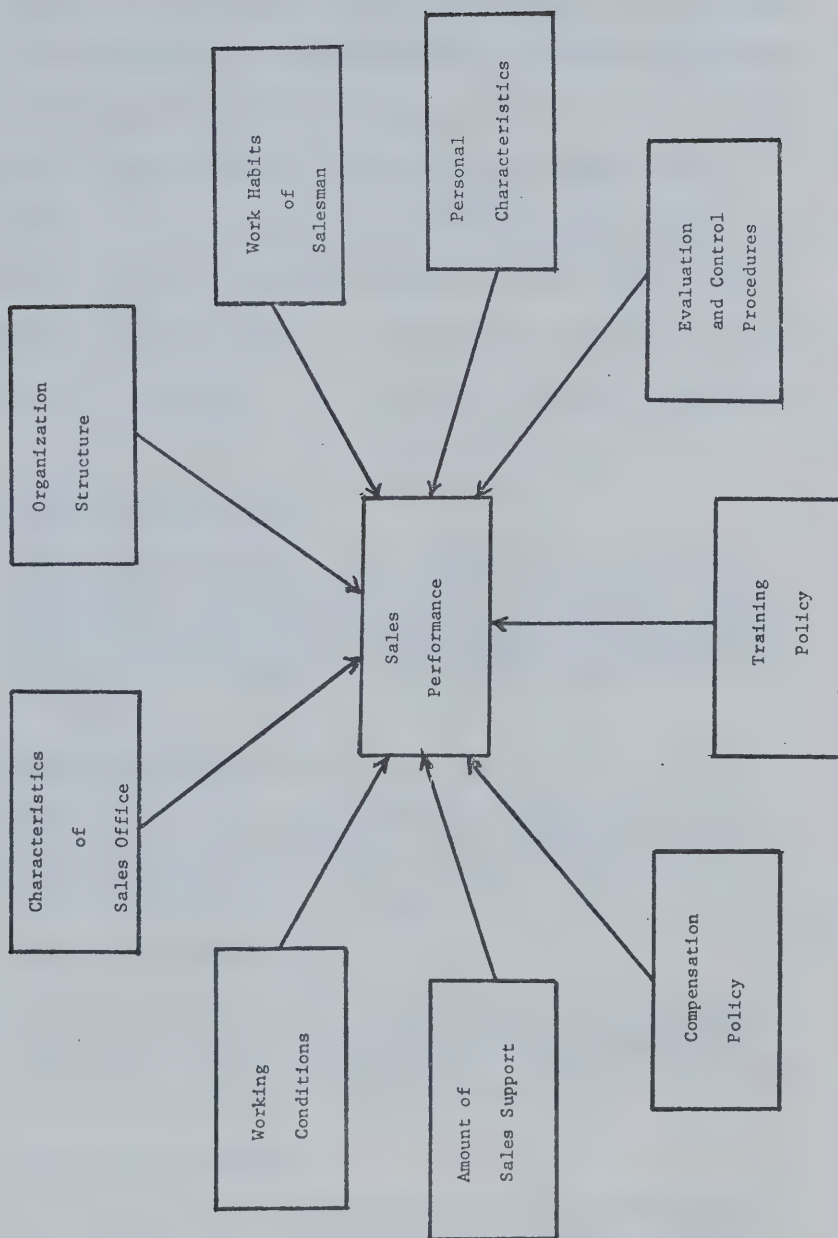
The real estate industry provides a unique setting for such a study. First, extensive use is made of a sales organization. Second, there are a large number of real estate sales organizations, thus facilitating analysis and comparison of various organizations and strategies. Finally, there is special need for a study of this industry, because it has not been previously studied. Although there are a number of books written on real estate sales generally [2, 4, 8, 14, 17, 21] the author could not locate any systematic empirical studies that dealt with possible determinants of sales performance.

B. Methodology of the Study

In order to assess the relative importance of factors affecting sales performance, a tentative list of exploratory statements were drawn up. This initial list was compiled through a survey of sales organization and real estate literature. The variables identified by this survey and thought to affect sales are shown in Figure 1-1.

From these basic statements, a number of variables were selected for study. These variables were selected because they were the ones considered to be most easily assessed and controlled by management

FIGURE 1-1
VARIABLES AFFECTING SALES PERFORMANCE
OF REAL ESTATE ORGANIZATIONS



and were believed to possibly have the greatest effect on sales performance. Several indicators were selected to measure the dependent variable, sales performance. The prime measure of sales performance was salesman's 1971 gross commission income, although total gross commission income of the sales office was also used in some cases.

In order to test the validity of the indicators used to measure the variables, several prominent Edmonton realtors were interviewed. Subsequently, revisions and refinements were made in a number of statements and indicators. The revised statements are as follows:

Exploratory Statement 1:

Organization structure has a significant impact on an organization's sales performance. Some of the relevant dimensions of organization structure are number of sales offices, number and type of supervisors, specialization and number of salesmen, and the territorial policy of the firm.

Exploratory Statement 2:

There are certain characteristics of the sales office that affect sales performance. The characteristics to be examined include location, length of time at that location and proximity to competitors.

Exploratory Statement 3:

Working conditions have a significant effect upon sales performance. Variables relevant to working conditions that will be studied include type of office provided for the salesmen and general working conditions.

Exploratory Statement 4:

The amount of sales support provided by an organization has a significant effect on sales performance. Relevant variables to be examined are advertising, supervisory and secretarial assistance, use of sales aids, and frequency of sales meetings.

Exploratory Statement 5:

The type of compensation policy applying to salesmen and sales supervisors affects sales performance. Relevant variables include commission rates, bonus schemes and use of contests and prizes.

Exploratory Statement 6:

The training policy of the organization significantly affects sales performance. Extent of formal courses available and on-the-job training procedures are among the relevant variables here.

Exploratory Statement 7:

The nature and extent of evaluation and control procedures affect sales performance. Relevant variables include use of formal reports, use of quotas and goal systems and personnel evaluation procedures.

Exploratory Statement 8:

Personal characteristics of the sales staff affect sales performance. Relevant personal characteristics include age, sex, education, marital status, and sales experience.

Exploratory Statement 9:

Work habits of the sales staff affect sales performance. Relevant variables include number of hours worked, time allocation, amount of planning and selling techniques.

Table A-1 in Appendix A contains a complete listing of the propositions and indicators or variables, and relates them to the questionnaire items designed to test these statements and variables.

It was felt that although these statements and variables seemed complete, existence of other factors of varying importance could not be precluded. Therefore, in addition to specific questionnaire items relating to the statements and variables, some open-ended items were included in the research instruments developed for the study.

Questionnaire Formulation

After formulation of the exploratory statements and variables, it was necessary to design a set of research instruments in order to investigate these statements and variables.

Four "questionnaires" were developed, as follows.

Organization questionnaire. This instrument, comprised of a structured interview format, was designed to gather information relevant to the firm as a whole. Management policies were of particular interest. This information was obtained through an interview with a ranking executive in the firm, such as the general manager. Twenty-seven of these questionnaires were completed.

This instrument appears in Appendix A, as Exhibit A-1.

Branch questionnaire. This form, also comprised of a structured interview format, was used to gather information relevant to the particular branch sales office. The information was acquired by interviewing the branch manager. There was also space on the form for the interviewer to record his own personal observations pertaining to the office. Forty of these questionnaires were completed.

This instrument appears in Appendix A as Exhibit A-2.

General (salesman's) questionnaire. This questionnaire was used to gather personal characteristics of the sales force, their opinions and views on certain subjects, and data regarding work habits. These questionnaires were handed to the salesman by the interviewer who remained, while the respondent filled in the questionnaire,

to answer any questions and to collect the questionnaires. Two hundred and thirty-six of these questionnaires were completed.

This instrument appears in Appendix A as Exhibit A-3.

Standard (supervisory) questionnaire. This questionnaire is an adaptation of the above questionnaire. Certain questions are added and certain items are reworded to make the questionnaire suitable for management personnel. It is administered to branch managers and other supervisory and management personnel in the same manner as the General (Salesman's) questionnaire. Forty-four of these questionnaires were completed.

This instrument appears in Appendix A as Exhibit A-4.

In developing these questionnaires the first concern was to formulate a sufficient number of questionnaire items to adequately test the statements that were formulated. The relationship between the statements, variables and questionnaire items is given in Appendix A, Table A-1.

However, in order to ensure that potentially significant or relevant data was not neglected, several open-ended questions were included on all questionnaires.

Because of the large number of respondents that were desired, the questionnaires were designed with a view toward obtaining the data at a minimum of time per respondent. Tradeoffs necessarily had to be made between acquiring the greatest number of respondents and the greatest amount of relevant data. The questionnaires that emerged were then tested upon a number of University of Alberta faculty

members and selected members of the real estate industry. Several revisions were made at that time.

Failure of the questionnaire is a major cause for error in most studies. Deming [7] states that the main causes of questionnaire failure result from:

1. Lack of knowledge of the subject matter, and
2. Failure to grasp the problem.

These problems were minimized through a study of real estate literature, through discussion with real estate men, and pre-testing of preliminary questionnaires. Nonetheless, the researcher does not believe that he has produced a perfect questionnaire. It became apparent during the study that some items were not necessary and did not appear to yield valid information; other items could have been added, and some items could have been re-phrased. In the analysis and interpretation of the data these limitations of the questionnaire will be discussed.

The Sample

In conducting this study, it was evident that not all of the approximately 221 real estate agents and 1350 real estate salesmen in the Edmonton area [12] could be interviewed, due to time and economic constraints. These constraints posed a sampling problem; that is, how should some firms be selected for study.

There are two main ways of sampling a population, whether it be people or real estate firms. [7] The first method is to make use of a probability sample. This method of sampling can use statistical routines to provide a random sampling of the entire population being tested. For example, if the names of all 221 agencies were placed on

individual slips of paper, placed in a hat and thoroughly mixed and 25 slips were drawn from the hat then one could say that a sample has been drawn with a known probability.

The second method of sampling is to use a stratified sample. This type of sampling is used when a uniform sampling of a population is not required or even desirable. The selection of the sample is based upon human judgment with consideration for the nature of the data required and the purposes of the study. The entire population is broken down into segments and a certain number of selections are made in each segment. This number is determined by human judgment.

For the purpose of this study it was apparent that a stratified sample would be most appropriate.

It was desired to sample as large a percentage of the Edmonton dollar value of real estate transactions as possible. The ten largest Edmonton real estate firms, for example, comprise about 5% of the total number of Edmonton firms, but do over 50% of the dollar volume of real estate business in the Edmonton area. [11] Moreover, larger firms offered an opportunity to study more complex organizations, as well as facilitating the sampling of the greatest number of salesmen.

Thus, it was determined that the 10 largest firms in the Edmonton area should be included as a part of the sample. Although the ten largest firms did the majority of business in the Edmonton area, it was not felt that the remaining firms should be ignored. It was felt, however, that the 64 local firms that hired no salesmen (one man firms) could be eliminated. It was then decided

that the remaining firms should be sampled on a stratified basis. Stratified samples are selected with "regard to the characteristic under study," [5] which was, in this case, the organization of the sales force. Since the smaller firms generally did not have a measurable sales organization these firms were sampled lightly. The sample was selected by clustering firms into groups of roughly the same size, and then selecting a number of firms at random out of each group. Table 1-1 shows the size distribution of the sample.

The final sample amounted to 27 firms, 40 sales offices, 51 management and supervisory personnel and 236 sales personnel. The firms in this sample accounted for over 66 percent of Edmonton M.L.S. business during 1971. [11] This sample was felt to be representative of the real estate industry in Edmonton, with the exception of the one man firms. Although claims could be made that the smaller firms are under-represented in terms of absolute numbers, in terms of sales volume the small firms are adequately represented.

TABLE 1-1
THE SAMPLE OF FIRMS BY SIZE OF FIRM

Number of Sales Personnel	Number of Firms Sampled	Percent of Firms Sampled
None*	2	7.4%
2 to 5	4	14.8%
6 to 10	7	25.9%
11 to 25	7	25.9%
Over 25	7	25.9%
Totals	27	100%

*Note: Two of the firms sampled were new firms, and had no employees in 1971.

Data Collection Procedures

Most data was collected through the use of the research instruments previously described. The effectiveness of data collection methods is attested to by the fact that completed questionnaires were obtained from over 95 percent of all individuals who were approached (287 out of 298) using these procedures. In addition, some very valuable information was collected informally by the interviewer in impromptu discussions and through personal observation.

The same interviewer carried out all the interviewing. This eliminated the need for a field-organization and also eliminated the possible biasing of data resulting from the use of various interviewers. As the interviewer was also the principal researcher, he was intimately familiar with the aims and other details of the study; this reduced the likelihood of "interviewer blunders" but did introduce the possibility of "interviewer bias."

Biases arising from late and non-response were minimized through the technique of personal interviewing and personal supervision of the respondents while they filled out the questionnaires. Involuntary errors of respondents were reduced because of the availability of the interviewer to clarify misunderstandings and answer questions. Voluntary distortion of answers was reduced because of the guaranteed anonymity of the respondents. The presence of the interviewer to retrieve the questionnaires also helped to assure the salesmen that the questionnaires would not fall into the "wrong" hands.

Data Analysis Procedures

Preliminary analysis. The first task of data analysis is to determine an appropriate method of measuring the relationship between sales performance and those variables thought to affect sales performance. There are certain statistical procedures that are more or less appropriate to measure these relationships. To determine these methods, some information about the basic characteristics of the distribution and variability of the data that has been collected is necessary. The advent of the computer has greatly simplified this process. For this study, all of the questionnaires were computer coded in accordance with "S.P.S.S." [18] computer programmes which were developed as the data was being collected. With all of the data computer coded, the S.P.S.S. statistical routine "CODEBOOK" was used. This routine produced frequency tables for each questionnaire item, along with many descriptive statistics such as the mean, median, variance, skewness and kurtosis of the distribution. Data from each research instrument were analysed as follows.

Organization data. The organization data were analyzed by grouping and comparing the firms. Two groups of firms were identified--six successful firms and six less successful firms. Success was determined on the basis of the average salesman's 1971 gross commission income for each firm. Profit would perhaps have been a valuable criterion--but these figures were not available.

In the "successful" group, the average salesman's 1971 income ranged from \$9,875 upward, with the average being \$10,600. There were 3 one-office firms and 3 multi-office firms in this group. The

"less successful" group of firms had average salesman's 1971 income ranging from \$8,429 downward with an overall average of about \$7,500. This group was comprised of 2 one-office firms and 4 multi-office firms.

Comparison of the data for each of these groups was then undertaken. Attempts were made to compare similar firms; for example, a multi-office firm in the "successful" group was compared to a multi-office firm of similar size in the "less successful" group.

Comparison of firms within each group was carried out in order to determine if there were certain policies prevalent in one group that were different in the other group. That is, the researcher attempted to find out what factors appeared to influence whether the organization was in the "successful" or "less successful" group.

Branch data. The branch data were analysed in several ways. All branch data were first compared to find differences between and within firms. What the researcher was looking for were factors, at the branch level, that seemed to influence whether the branch sales office belonged to a firm in the "successful" or the "less successful" group of firms, as outlined in the previous section.

A second method of analysis was to assess certain characteristics of the sales office in terms of "the number of walk-in prospects in a week" at that particular office. "Walk-in prospects" are prospective clients who just walk in to an office without prior arrangements. It was found, however, that the number of walk-ins does not correlate with sales performance, so this analysis did not yield valid results.

Individual data. The data from the supervisory questionnaire were grouped in with both the branch and organization analyses. The salesman data, however, were analysed separately, by the following method.

First, two groups of residential salesmen were selected. (Commercial salesmen were not included because the sample did not include a sufficient number to make any meaningful conclusions.) Both groups were composed of individuals who reported that at least 80 percent of their sales were residential and that at least 80 percent of their 1971 income was from real estate sales. This latter constraint was necessary to exclude salesmen who had just recently started in real estate sales because in their case 1971 income would not be a valid indicator of sales performance.

The first group of salesmen was considered to be a "highly successful" group. Their reported 1971 income from real estate sales was at least \$12,000 and the average for the group was \$17,300 with a median of \$14,625. There were 25 salesmen in this group.

The second group was considered to be a "less successful" group. This group consisted of those who reported a 1971 income of \$8,200 or less. The average 1971 income for this group was \$6,009 with a median income of \$6,081. There were 35 salesmen in this group.

The responses of these groups on each of the questionnaire items were compared. Items that were answered differently were then studied more closely. From this study attempts were made to determine whether or not that item or factor did relate to sales performance.

Further analysis. Further analysis was then undertaken using the results of the preliminary analysis as a guide. Two means of analysis were used here. Some variables were scaled in order that analysis by Pearson Product-Moment Correlation techniques could be carried out. [18] Weighting of the responses was carried out with careful attention to the results of the preliminary analysis. Kendal Tau rank-order correlation analysis was considered for use, but did not, when tried appear to be sensitive enough to variations in the data. [18]

A second method of analysis involved the calculation and comparison of mean and median salesman's 1971 income for various responses to each question. The mean income is the average income of all salesmen while the median income is the income of the salesman whose income is above the lower-earning half of the salesmen and below the higher-earning half of the salesmen. Both mean and median incomes were calculated because the mean income is easily distorted by a few very high or very low incomes. Differences between the mean and median incomes indicate differences between the highest earning salesmen and the "typical" salesman. A relationship was hypothesized to exist if both mean and median incomes were considerably higher for one group of responses (arbitrarily, at least \$500).

The interpretation of findings thus produced was facilitated by the use of informal data that had been collected. These data, gained through personal observation and conversations with real estate people, proved helpful in drawing conclusions. As well, much necessary interpretive background was obtained through a thorough review of real estate literature. Although no studies were available that

attempted to achieve the same purposes as this study, some books written by real estate men were found [2, 8, 14, 15, 17]. These publications provided some valuable background.

The conclusions drawn from using the above analytical procedure form the subject of Chapters 2 and 3 and are briefly summarized in Chapter 4.

CHAPTER 2

CHARACTERISTICS OF THE SALES ORGANIZATION AND SALES PERFORMANCE

A. Introduction

Although much has been written about the organization of marketing type companies, little has been written specifically about real estate firms. Many firms in real estate sales have now grown to a size where a definite structure is required. As a result, many decisions regarding the organization must be made. Unfortunately, existing research regarding these decisions provides little assistance to managers.

This chapter gives the findings of this study that pertain to organizational design and policy. The following seven groups of variables are discussed:

- Organizational Structure
- Sales Office Characteristics
- Working Conditions
- Sales Support
- Compensation Policy
- Training Policy
- Evaluation and Control Procedures

B. Exploratory Statement 1: Organization Structure Affects Sales Performance

The structure of the sales organization is believed to play a direct role in the success of a sales organization. This section of the study gives the findings with regard to the following structural variables:

Primary Business
 Number of Sales Offices
 Number of Salesmen
 Specialization of Salesmen
 Number, Type and Responsibilities of Supervisor
 Territorial Policy

These variables were related to sales performance, the prime measure of which was salesman's 1971 gross commission income, in order to assess their influence on sales performance.

Primary business. One variable that was studied was organization's primary type of business. Two types of firms were those that did primarily real estate business and trust companies that did real estate business.

It was found that average salesman's income was just about identical for each type of firm, as shown in Table 2-1.

TABLE 2-1
 SALESMAN'S 1971 INCOME BY PRIMARY
 TYPE OF ORGANIZATION

	No. of Salesmen	Mean Income	Median Income	Difference
Primarily Real Estate Organizations	83	\$9,013	\$7,694	\$1,319
Primarily Trust Organ- izations	22	\$9,098	\$6,950	\$3,148
Difference		\$ 085	\$ 744	\$ 829

Number of sales offices. The number of sales offices maintained by a firm had some effect on average income of salesmen. It was found that salesmen with one-office firms had a somewhat higher

average income, \$9,412, when compared to salesmen belonging to firms with 2 or more offices, who had an average income of \$9,000.

The top ten firms in "Multiple Listing Service" production for the first five months of 1972 were all multi-office firms, however, it is worthy of note that some smaller firms conducted more business than several firms with a larger number of offices. These findings suggest that, in general, more sales offices might help to increase a firm's gross volume; but that there are other factors which would appear to be much more important determinants of sales performance.

Number of salesmen. The number of salesmen employed by a company does not necessarily have much influence on the average income of each salesman within that company. For example, the salesmen of one large company averaged less income than those salesmen in nine smaller companies in our sample, while another large company had average income per salesman higher than all but one of the smaller organizations.

Perhaps more important than the total number of salesmen is how they are allocated to sales offices. Given good branch management, the optimum number per office appears to be about 12-18. The five branch offices highest in 1971 gross commissions all had 12 to 18 salesmen. When proper cooperation exists between salesmen it appears that such a large office can "create" enough business for all salesmen at that office. Table 2-1A bears this out by showing little difference in income between salesmen from large offices and smaller offices.

TABLE 2-1A

SALESMEN AT SALES OFFICE

Number of Salesmen at Office	Number of Salesmen	Mean Income	Median Income	Difference
9 or less	41	\$8,556	\$7,600	\$ 956
10 or more	76	\$9,055	\$7,413	\$1,642
Difference		\$ -499	\$ 187	\$ 686

Specialization of salesmen. Most firms encouraged their salesmen to sell either residential or Industrial/Commercial/Investment (I.C.I.) real estate. Among the "best" firms this rule was more iron-clad than among the "less successful" firms. However, it is not clear that the individual salesmen achieved better sales performance when he was required to specialize.

Table 2-2 indicates that I.C.I. salesmen had the highest average income, while salesmen who sold only residential real estate had the lowest. Salesmen who sold "some of both" types had a somewhat higher income than "only residential."

TABLE 2-2

SALESMAN'S 1971 INCOME BY SPECIALIZATION

Type of Real Estate Sold	Number of Salesmen	Mean Income	Median Income	Difference
Only Residential Sales	74	\$8,502	\$7,300	\$1,202
Only Industrial Commercial Sales	12	12,400	11,167	1,233
Some of Both Types	46	9,589	7,600	1,989

Number, type and responsibilities of supervisors. The number of supervisors needed at any one office is a function of their responsibilities. Their duties often include hiring, training, motivating, supporting, firing, evaluating, and controlling salesmen. In most Edmonton real estate offices there is one supervisor, the branch manager, who supervises up to 18 salesmen.

A more important question deals with whether or not the manager is allowed to sell in competition with his salesmen. In three of the "best" firms, supervisors were allowed to make sales, but in these instances, the supervisor only made a very few such sales in a year. Out of the six "less successful" firms four made extensive use of selling branch managers.

The firms were then divided into two groups: those who employ non-selling supervisors (Group NS) and those who employ selling supervisors (Group S). Group NS consisted of 4 firms and 52 salesmen and Group S consisted of 8 firms and 53 salesmen. Group NS showed 1971 gross commission income about \$2,000 per salesman higher than group S. Group NS salesmen reported mean and median 1971 gross commission income of \$10,129 and \$8,600 respectively, compared to group S who had mean and median 1971 incomes of \$7,954 and \$6,900 respectively, as shown in Table 2-3.

The increased productivity of the salesman is not entirely due to the amount of time spent supporting the sales force. It was found that both selling and non-selling supervisors spent about the same amount of time on activities such as supporting the sales force and analysing the performance of the organization.

TABLE 2-3
SALESMAN'S 1971 INCOME BY NON-SELLING
OR SELLING SUPERVISOR

	Number of Salesmen	Mean Income	Median Income	Difference
Group NS (Non-selling)	52	\$10,129	\$8,600	\$1,529
Group S (Selling)	53	7,954	6,900	1,054
Difference		2,363	\$1,700	663

The difference might come from effectiveness. Non-selling sales managers appear to be far more effective in helping salesmen. This could be due to the increased trust and confidence a salesman might have in a non-competing manager. It is also suggested that the manager has an increased motivation to "try harder" when he knows that his only income is dependent on the performance of his salesmen--and he does not have his own sales to fall back on.

Territorial policy. When a firm has a number of sales offices, it may use some method of allocating a territory for each particular office to cover. There are three types of restrictions that the firms studied used. The firm may prohibit the selling and listing of property outside the territory, or it may prohibit either selling or listing outside of the territory. The rationale for applying restrictions is that salesmen, when unrestricted, many tend to neglect certain areas of the city and, more importantly, will not develop any degree of familiarity with any one particular area.

In 1971, there was one large multi-office firm that used a completely restricted system. This firm was among the "best" firms and appeared to have a considerable amount of success with the system. It is interesting to note that this company has recently changed from a total restriction system to partial restriction system, whereby salesmen must list only in their particular territory, but are allowed to sell anywhere. Two other firms among the "best" firms have a system whereby a salesman may list anywhere, but only sell in his particular territory.

Generally, the more successful larger firms have tended to use some type of restriction. The less successful firms tended not to use such systems. Salesman's 1971 income was somewhat higher where territorial restrictions were in effect, as shown in Table 2.4, but no strong relationship between territorial restriction and salesman's income was found.

TABLE 2-4
SALESMAN'S 1971 INCOME BY TERRITORIAL
RESTRICTIONS

	Number of Salesmen	Mean Income	Median Income	Difference
No Territorial Restriction	59	\$7,958	\$7,000	\$ 958
Some Territorial Restriction	69	9,348	7,362	1,986
Difference		-\$1,390	\$ -362	1,028

Conclusion. Although many of "organization structure" variables did have some influence on sales performance, the most important were territorial policy and selling or non-selling supervisors. A policy whereby salesmen are restricted in where they may sell or list resulted in higher income for salesmen in this group compared to "unrestricted" salesmen.

Salesmen with non-selling supervisors earned about \$2,000 more in 1971 than did salesmen with selling supervisors. It was hypothesized that this apparent effectiveness of non-selling supervisors stemmed from two factors. First, salesmen possibly could confide more readily in a non-competing supervisor. Secondly, it could be expected that non-selling managers would be more willing to assist their salesmen, since this would be the only means of increasing their personal income.

Other factors that appeared to have some influence on sales performance were number of sales offices, number of salesmen at each office, and specialization of salesmen in either residential or commercial real estate. The number of supervisors at each office did not appear to have any effect on sales performance, and total number of salesmen belonging to the firm as a whole did not necessarily enhance average salesman's performance. Whether or not the firm was primarily a real estate organization or a trust company made little difference in salesman's performance.

C. Exploratory Statement 2: Characteristics of the
Sales Office Affect Sales Performance

In order to relate the importance of certain characteristics of the sales office to sales performance it had originally been the intention of the researcher to use the "number of weekly walk-ins" as a dependent variable. ("Walk-ins" are prospective clients who simply arrive at a real estate office without prior notice or solicitation.) Various authors [2, 8, 16] believed that there was some relationship between number of walk-ins and sales performance. This study could find no such relationship, however. When "walk-ins" were correlated with sales office gross commission income, the resulting Pearson R was .0056 at $P = .489$ indicating no relationship. When salesman's 1971 gross commission income was related to "walk-ins," (see Table 2-5) the group that had fewer "walk-ins" actually showed higher income.

TABLE 2-5
SALESMAN'S 1971 INCOME BY NUMBER
OF WALK-INS AT OFFICE

Number of Walk-ins	Number of Salesmen	Mean Income	Median Income	Difference
1 a week or less	54	\$9,484	\$8,500	\$ 984
2 a week or more	63	8,362	6,975	1,387
Difference		\$1,122	\$1,525	-403

Location of sales office. There were two primary types of locations for residential sales offices: in a business block of some kind, or in a large or small shopping centre. Table 2-6 reveals that salesman's 1971 income was somewhat less in the shopping centre location.

TABLE 2-6

SALESMAN'S 1971 INCOME BY LOCATION
OF SALES OFFICE

	Number of Salesmen	Mean Income	Median Income	Difference
Separate Building or Business Block	62	\$9,160	\$7,925	\$1,235
Shopping Centre	55	8,565	7,025	1,540
Difference		\$ 595	\$ 900	\$ 305

Length of time at location. It was hypothesized that the longer a residential real estate office has been at the same location the higher the sales performance should be of the office. However, the salesman's individual performance was slightly better at offices which were more recently established (See Table 2-7).

TABLE 2-7

SALESMAN'S 1971 INCOME BY LENGTH OF TIME THAT SALES
OFFICE HAS BEEN AT THE SAME LOCATION

	Number of Salesmen	Mean Income	Median Income	Difference
4 years or less at same location	41	\$9,030	\$7,837	\$1,193
More than 4 years at same location	76	\$8,747	\$7,300	\$1,447
Difference		\$ 283	\$ 537	\$ 254

Proximity of Competitors. The number of competitors within a four block radius of each sales office was determined. It was found

that salesman's 1971 income, shown in Table 2-8, was somewhat higher where there was a "cluster" or group of sales offices in close proximity.

TABLE 2-8

SALESMAN'S 1971 INCOME BY NUMBER OF COMPETITORS
WITHIN 4 BLOCKS OF SALES OFFICE

	Number of Salesmen	Mean Income	Median Income	Difference
3 competitors or less within 4 blocks of sales office	61	\$8,388	\$7,113	\$1,275
More than three compet- itors within 4 blocks of sales office	66	\$9,230	\$7,750	\$1,480
Difference		\$ 842	\$ 637	\$ 205

Conclusion. Surprisingly, the number of weekly walk-ins did not relate to sales performance. Thus, some variables that the researchers had intended to relate to number of walk-ins, as the dependent variable, could not be analysed in this fashion.

Three variables were discussed. "Location of sales office" in a business block rather than a shopping centre resulted in somewhat higher salesman's income. "Years at same location" did not relate to individual salesmen's performance. "Proximity to competitors" showed some relation to sales performance, and salesmen's income was slightly higher for "clustered" offices.

D. Exploratory Statement 3: Working Conditions
Affect Sales Performance

Although it is the purpose of this section to summarize the apparent effect of "working conditions" certain variables that could be classified as "working condition" variables are not discussed here. The amounts of supervisory assistance and secretarial assistance and their effect on sales performance are discussed in Statement 4 as "Sales Support." The two variables that are considered here are:

Type of Office Provided for Salesmen
 Physical Working Conditions

Type of office provided. There are three primary types of offices provided for real estate salesmen. Private offices are little used, with only 4 (about 2%) salesmen with 1971 incomes using them. Semi-private (2 to 4 salesmen) offices were used by about 27 percent of Edmonton salesmen while the remainder were housed in open areas. Salesmen with semi-private offices obtained the highest 1971 income, as shown in Table 2-9, by over \$2,000 more than those salesmen with open area offices.

TABLE 2-9

SALESMEN'S 1971 INCOME BY TYPE OF OFFICES
 PROVIDED FOR SALESMEN

	Number of Salesmen	Mean Income	Median Income	Difference
Private	4	\$6,400	\$4,550	\$1,850
2-4 to an office	31	10,394	9,400	994
Open area	81	8,366	6,975	1,391

Physical working conditions. Physical working conditions that were assessed were work space, noise, lighting, type and quality of office furniture, and general interior appearance of the office. Individually, these conditions showed little relationship to sales performance. However, when combined and classified simply as "working conditions," a relationship was found. As shown in Table 2-10, salesmen's 1971 income was somewhat higher with the highest-rated firms than with the lowest-rated firms.

TABLE 2-10

SALESMEN'S 1971 INCOME BY PHYSICAL WORKING
CONDITIONS OF SALES OFFICE

	Number of Salesmen	Mean Income	Median Income	Difference
Lowest-rated working conditions	47	\$8,445	\$6,325	\$2,120
Highest-rated working conditions	70	9,172	7,750	1,422
Difference		\$ 727	\$1,425	698

Conclusion. The two "working condition variables" appear to correlate to some degree with sales performance. General working conditions, and type of office were related to salesmen's 1971 income. There are two possible ways that these factors act upon the salesman's performance: they may be directly physical, contributing to his efficiency through saving him time and effort, and secondly, they may contribute to his efficiency through increasing his motivation. These factors may also induce a positive attitude on the part of potential customers.

However, this study was not intended to explicitly examine perhaps the most important aspect of working conditions: the "atmosphere" of the office and organization. Many salesmen attributed the success of their organization to "extremely good personnel relationships in this company," "helpful, understanding and enthusiastic management" and "communication from salesmen encouraged and received with enthusiasm by the management." The top salesman in one firm summarized her feeling of the key factor in the considerable success of her firm as, simply, "Management that is interested in their sales people." More investigation would be needed to conclusively prove this relationship definitely exists.

E. Exploratory Statement 4: Sales Support
Affects Sales Performance

Sales support consists of any object or service made available by management with the intent of assisting the salesmen to achieve the greatest possible sales performance. There are two main categories of sales support: advertising and other support. The variables discussed here are:

- Institutional Advertising
- Specific Advertising
- Supervisory Assistance
- Secretarial Assistance
- Use of Sales Meetings

These variables are assessed in terms of salesman's 1971 gross commission income.

Institutional advertising. Institutional advertising is carried out to keep the firm's name before the public--and does not advertise individual properties. By its nature, most institutional

advertising is feasible only for large firms. Although one firm used television, the most popular medium for institutional advertising was radio. Interestingly, salesmen belonging to firms that did not use radio advertising averaged slightly higher 1971 income than salesmen with firms that did carry out radio advertising (see Table 2-11),

TABLE 2-11
SALESMAN'S 1971 INCOME BY INSTITUTIONAL
RADIO ADVERTISING

	Number of Salesmen	Mean Income	Median Income	Difference
No radio advertising	40	\$9,326	\$7,750	\$1,576
Radio advertising	65	8,849	7,175	1,674
Difference		\$ 477	\$ 575	\$ 98

Specific advertising. A second advertising variable studied was the frequency of specific semi-display newspaper advertising. As shown in Table 2-12, salesmen from firms where this type of advertising was carried out on a daily basis earned less than those salesmen from firms that carried out no or infrequent newspaper semi-display advertising.

TABLE 2-12
SALESMAN'S 1971 INCOME BY FREQUENCY OF NEWSPAPER
SEMI-DISPLAY ADVERTISING

	Number of Salesmen	Mean Income	Median Income	Difference
Daily	85	\$8,993	\$7,113	\$1,880
Less than daily	20	9,193	8,500	693
Difference		\$ 200	\$1,387	\$1,187

Supervisory assistance. The quantity of supervisory assistance given by the branch manager was obtained by calculating the number of hours a week that the branch manager spent "supporting his sales force." This "supervisory assistance" varied from 2 hours to 54 hours a week. A moderately strong relationship between this variable and salesman's 1971 income was found. Table 2-12A shows a higher income in the "high" supervision group.

TABLE 2-12A

SALESMAN'S 1971 INCOME BY AMOUNT OF SUPERVISORY
ASSISTANCE BY BRANCH MANAGER

	Number of Salesmen	Mean Income	Median Income	Difference
Offices with "Low" assistance (under 32 hours weekly)	30	\$7,997	\$7,000	\$ 997
Offices with "High" assistance (over 32 hours weekly)	52	\$9,731	\$7,550	\$2,181
Difference		\$1,734	\$ 550	\$1,184

Secretarial assistance. Generally, each residential sales office had one daytime secretary/receptionist. However, some firms also employed a receptionist in the evenings and on Saturdays. In firms where this was not done, salesmen were scheduled to carry out these duties. Table 2-13 shows that secretarial assistance is somewhat related to salesman's 1971 income.

Sales meetings. A definite relationship was found between the number of branch sales meetings held in one month and salesman's

TABLE 2-13

SALESMAN'S 1971 INCOME BY AMOUNT OF SECRETARIAL
ASSISTANCE SALES OFFICE

Secretarial Assistance	Number of Salesmen	Mean Income	Median Income	Difference
40 hours a week or less	36	\$8,519	\$6,150	\$2,369
More than 40 hours a week	81	\$9,040	\$7,825	\$1,215
Difference		\$ 521	\$1,675	\$1,154

performance. As can be seen from Table 2-14, salesmen from firms conducting sales meetings more than once a week earned over \$2,500 more than salesmen from firms with less frequent sales meetings.

TABLE 2-14

SALESMAN'S 1971 INCOME BY FREQUENCY
OF SALES MEETINGS

Frequency of Meetings	Number of Salesmen	Mean Income	Median Income	Difference
Once a week or less	56	\$7,947	\$6,990	\$ 957
More than once a week	44	10,575	9,250	1,325
Difference		\$ 2,628	\$2,260	368

Conclusion. Of the "sales support variables" discussed here, "frequency of sales meetings" was found to be the most highly related to high salesman's performance. Salesmen from offices conducting sales meetings at least twice weekly had income about \$2,500 higher than salesmen with less meetings.

Two variables, supervisory assistance and secretarial assistance, were related weakly to salesman's 1971 income. Finally, and surprisingly, the two advertising variables, radio advertising and semidisplay advertising, had little or no relationship to salesman's 1971 income.

F. Exploratory Statement 5: Compensation
Policy Affects Sales Performance

Compensation policy is a prime tool used in many organizations to ensure that behavior of employees is directed towards fulfilling company objectives. In the real estate industry, compensation is built heavily around the use of commissions on sales. However, details of this compensation policy vary between organizations and for salesmen and branch managers or supervisors. Compensation policy will be discussed in two parts--first for salesmen and secondly for management/supervisory personnel.

The "compensation policy" variables considered for salesmen are as follows:

- Commission Schedules
- Commission Rates
- Selling/Listing Splits
- Contests and Prizes
- Other Variables

For supervisors/managers, the one variable considered is "compensation system," the total system used to compensate supervisors/managers.

Commission schedules. There are two basic types of commission schedules used in the real estate industry. One is a "straight scale" or fixed rate system: the salesman receives a certain percentage of the total gross commission on each sale he makes (Type I). The second type is a "sliding scale" plan, where the percentage a salesman

receives increases as the salesman's total volume increases (Type II). As Table 2-15 shows, 11 firms used a Type I system and 9 firms used a Type II system. Some relationship was found between the type of compensation schedule used and salesman's income. As Table 2-16 shows, salesmen working under the fixed-scale system (Type I) averaged slightly more income but had a considerably higher median income. What this finding suggests is that a sliding scale (Type II) may encourage top salesmen to perform better (thus increasing the average income), but has little effect on most of the salesmen. By contrast, type I has a uniform effect on all salesmen, and tends to stimulate all salesmen to better performance, as evidenced by the similarity of the mean and median incomes.

TABLE 2-15
COMPENSATION POLICY

	Initial Rate	Maximum Rate	Total Number of Firms Using	Group H Firms	Group L Firms
I. Straight	50%	50%	6	1	1
Commission	55%	55%	1		
Rate	60%	60%	4	1	1
II. Sliding	50%	60%	5	1	2
Scale	50%	65%	1		
Commission	50%	70%	2	1	
Rate	(50%	70%)	1		
	(plus bonus)			
III. Other	(Different rates				
Systems	for each salesman)		1	1	
	(Residential 50%)				
	(Commercial-Slid-)				
	(ing 50%-60%)		1		1
Total			22	5	5

TABLE 2-16

SALESMAN'S 1971 INCOME BY TYPE
OF COMPENSATION SCHEDULE

Compensation Schedule	Number of Salesmen	Mean Income	Median Income	Difference
Type I (Straight)	50	\$9,651	\$9,250	\$ 401
Type II (Sliding)	24	9,358	6,500	2,856
Difference				

Commission rates. Among firms using a fixed commission rate, the rate varied. According to Table 2-16, 6 companies used a 50% rate, 1 firm used a 55% rate, and 4 firms used a 60% rate.

Little relationship was found between this rate and salesman's 1971 income. As Table 2-17 shows, those salesmen belonging to firms with commission rates of 50% showed somewhat higher income than those with a 55% or 60% rate. Thus, higher commission rates apparently do not stimulate better sales performance of salesmen.

TABLE 2-17

SALESMAN'S 1971 INCOME BY COMMISSION RATE

Rate	Number of Salesmen	Mean Income	Median Income	Difference
50%	46	\$9,678	\$9,250	\$ 428
Over 50%	7	9,000	8,625	375
Difference		\$ 678	\$ 625	\$ 53

Selling/Listing Splits. The proportion of the gross commission income allocated to the lister and the seller of the property varies among firms. Traditionally, a greater part of the commission on the sale of a property has gone to the salesman selling the property, with the listing salesman receiving a smaller share. However, as Table 2-18 indicates, five Edmonton firms have altered this system; and two of these firms are offering a greater portion of the commission to the listing salesman.

TABLE 2-18

SELLING/LISTING COMMISSION SPLITS USED
BY EDMONTON REAL ESTATE FIRMS

Selling	Listing	Total Number of Firms Using	Group H Firms	Group L Firms
70%	30%	1		1
66%	33%	2	1	
64%	36%	1		
60%	40%	11	3	3
58%	42%	1		
50%	50%	3		1
42%	58%	1		
40%	60%	1	1	

Little relationship was found between this variable and salesman's income. Salesmen, according to Table 2-19, earned somewhat lower income under the equal or list-oriented firms than for the sell-oriented firms, who allocated the major portion of the commission to the selling salesman.

TABLE 2-19
SALESMAN'S 1971 INCOME BY SELLING/
LISTING COMMISSION SPLITS

	Number of Salesmen	Mean Income	Median Income	Difference
Greater percentage for selling	69	\$9,078	\$8,375	\$ 703
Equal or greater percentage for listing	10	8,310	8,000	310
Difference		\$ 768	\$ 375	\$ 393

Contests and prizes. The use of contests and prizes varied greatly throughout the Edmonton real estate industry, as Table 2-20 shows. Grouping of salesmen (see Table 2-21) uncovered some interesting findings. In firms where moderate use was made of contests, mean and median salesmen's incomes were considerably lower than for the other two groups. Thus, it appears that if a firm is to maximize salesman's performance, it must use contests extensively or not at all.

TABLE 2-20
USE OF CONTESTS

	Group H Firms	Group L Firms	All Firms	Percent of Firms
Not used		1	7	32%
Little used			1	4.5%
Moderately used	3	3	8	36%
Extensively used	2	1	5	23%
Very extensively used			1	4.5%
Totals	5	5	22	100%

TABLE 2-21

SALESMAN'S 1971 INCOME BY USE
OF CONTESTS AND PRIZES

	Number of Salesmen	Mean Income	Median Income	Difference
Little use	9	\$9,622	\$9,125	\$ 497
Moderate use	24	8,035	7,550	485
Extensive use	58	9,652	8,100	1,552

Other variables. Among the firms studied, no form of guarantee or salary was given to salesmen. There were no profit-sharing systems, aside from a few firms who offered their sales employees share options. Expense accounts were not generally used, and fringe benefits were the minimum that the law required. Bonuses were only occasionally given for outstanding performance.

Branch managers compensation system. Four types of compensation system were used to compensate branch office managers (see Table 2-22). All involved the use of an override--based either on the gross commissions produced by that particular branch or profit of the branch. One firm offered a salary to supplement the override and another firm guaranteed the branch manager a certain income. Four firms allowed their managers selling and listing commissions on their own sales, while six firms did not.

As previously discussed under Proposition 1, the withholding of sell or list privileges on the part of managers was strongly related to high salesman's income. The other variable discussed here

TABLE 2-22

COMPENSATION FOR BRANCH MANAGERS IN EDMONTON

Compensation System	Number Firms	Percentage of Firms
Override Only: (No Selling or Listing)		
Based on Branch Gross Commissions	3	30%
Based on Branch Profits	2	20%
Override and Sell and List Privileges:		
Based on Branch Gross Commissions	2	20%
Based on Branch Profits	1	10%
Salary Override: (No Selling or Listing)		
Based on Branch Profit	1	10%
Guarantee and Override and Sell or List Privileges:		
Based on Branch Gross Commissions	1	10%
Totals	10	100%

is the basis of the branch manager's override: whether it is gross commissions or profit of the branch. It was found that there was little relationship overall between the basis of the override and salesman's performance (See Table 2-23), but that median salesman's income was considerably higher under the "profit basis."

Conclusions. It was found that no compensation variable, except the selling status of the supervisor, affected salesman's performance to any appreciable extent. Sliding scale commission

TABLE 2-23

SALESMAN'S 1971 INCOME BY BASIS
OF SUPERVISOR'S OVERRIDE

Override Basis	Number of Salesmen	Income	Income	Difference
Gross Commissions	25	\$9,206	\$7,175	\$2,031
Profit	47	9,332	8,375	957
Difference		\$ -126	\$1,200	\$1,074

schedules tended to stimulate performance of top salesmen, but had little effect upon the rest of the salesmen and, overall salesmen under a fixed rate system performed better than those on a sliding scale. Other variables investigated, for which little relationship to performance was found, were commission rates, selling/listing splits, and the basis of the supervisor's override.

The use of contests was apparently only helpful when contests were used extensively. Contests used "moderately" did not appear to stimulate sales performance.

G. Exploratory Statement 6: Training
Policy Affects Sales Performance

One would hypothesize that training would improve salesmen's performance. However, testing this proposition proved to be difficult. Only two firms in the sample had formal training programs. Over 55% of all salesmen felt that their firm's training program was "less than adequate." In the two firms that were using a formal training program the majority of salesmen felt that they were adequate programs. The managers in these firms expressed satisfaction with these programs

and seemed confident that the programs were contributing to increased sales performance on the part of their salesmen. Due to a lack of salesman respondents with 1971 income from these two companies, however, our findings cannot affirm or dis-affirm this relationship.

On-the-job training appeared to be a more important variable. All firms reported that they undertook on-the-job training, usually carried out by the supervisor/manager at each branch or sales office. The quality of training received by the salesman thus varied with the competence, teaching ability, and interest of the branch manager. Again, it proved impossible to make conclusions about a relationship between on-the-job training and salesman's performance, although one might hypothesize a powerful relationship to exist. More precise measurement of the quality of training provided by each branch manager would be necessary to enable one to draw any supportable conclusions.

Training of branch managers was virtually non-existent. Few managers had had any type of managerial training. Only 12.5% of managers had university degrees and only one had a Business Administration degree. However, it was not possible to prove what effect, if any, this lack of formal managerial training had on sales performance of the salesmen.

H. Exploratory Statement 7: Evaluation and Control Procedures Affect Sales Performance

Evaluation and control procedures are viewed as being an important part of the management function. These procedures tell management how they are progressing toward the goals and objectives of their firms.

"Evaluation and control variables" and their effect on sales performance are summarized in this section. The importance of the following two variables is examined:

Written and Informal Reports
Quota/Goal Systems

Unfortunately, not enough companies make extensive enough use of evaluation and control procedures to enable one to make a rigorous assessment of their effect on sales performance. While recognizing this limitation, there are some general conclusions that can be drawn.

Written and informal reports. Written reports by salesmen are not used to any extent in the real estate industry. During the course of this study only one company could be found that used such reports, and that company had just begun to use them. Written reports by the branch manager are required in a considerable number of companies, but by no means in all companies.

Informal reports are used to a much greater extent. For example, in one company the salesmen must report their activities of the preceding day at a daily early morning sales meeting. In other companies, the office/branch managers report that they frequently take salesmen aside and check on their progress.

Overall, many salesmen and managers do not feel that the information systems within their companies are good enough. Of the salesmen, 36.9% felt that the amount of information currently going to management via written reports was "less than adequate" for "proper management of the company." Over 45% of the branch managers were

"less than satisfied" that there was sufficient communications between them and their salesmen.

Quota/goal systems. Standards and quotas for salesmen are being used by some firms with a considerable degree of success, both to control and motivate the sales force. As shown in Table 2-24, salesmen from firms where quota/goal systems were used extensively showed income \$2,500 to \$3,000 higher than salesmen from firms that did not use such systems. This indicated a definite relationship between the existence of quota/goal systems and salesman's 1971 income.

TABLE 2-24

SALESMAN'S 1971 INCOME BY USE
OF QUOTA/GOAL SYSTEMS

	Number of Salesmen	Mean Income	Median Income	Difference
Not or little used	56	\$7,671	\$6,970	\$ 701
Extensively used	47	10,751	9,400	1,351
Difference		\$3,080	\$2,430	\$ 650

Generally, quotas are set by both the salesman and his managers jointly. These quotas may be for the immediate year or even longer in term. Some firms have very extensive "goals" for their salesmen. One "highly successful" firm has goals for salesmen which include such areas as personal development and community involvement. Progress towards meeting these goals is reviewed by the supervisor and salesman from time to time.

Quotas or "goals" for sales offices are used by several firms. These "goals" seek to have the effect of encouraging all salesmen to pull together. Fulfillment of these "office goals" results in a free dinner of the like and recognition of the branch. More investigation is necessary to determine the effects of this system.

Conclusion. Generally, evaluation and control procedures in the real estate industry are not well developed. Little formal reporting by salesmen is carried out and considerable numbers of salesmen and managers feel that communication is "less than adequate" in their firms. Generally, branch managers had only the gross sales figures for their branch, and some managers did not even have this information.

A few firms did have quota/goal systems for their employees. It was found that use of this type of system definitely correlated with the income of the salesman, and the success of the organization.

A summary of the findings of this Chapter and the major implications of these findings are presented in Chapter 4.

CHAPTER 3

CHARACTERISTICS OF THE SALESMAN AND SALES PERFORMANCE

A. INTRODUCTION

This chapter represents an attempt to relate certain specific characteristics of the salesman to his sales performance. The characteristics of the salesmen studied are grouped in two categories: personal characteristics and work habits. Personal characteristics are subsumed under Exploratory Statement 8, and work habits are the subject of Exploratory Statement 9.

These statements have been assessed using the salesman's 1971 gross commission income as the measure of sales performance.

In order to find what relationships, if any, existed between the independent variables and sales performance, two methods of analysis were used. Pearson's correlation analysis, where applicable, was undertaken. Secondly, two "groups" of salesmen were formed - a "highly successful group" (Group HS) with an average 1971 gross commission income of \$12,000 or higher, and a "less successful" group (Group LS) with average 1971 gross commission income of \$9,000 or lower. The average 1971 income from real estate sales was \$17,300 for Group HS and \$6,009 for Group LS. More details of this grouping were given in Chapter 1. The responses of each of the groups on each of the questionnaire items were compared and items that were answered differently singled out and studied.

B. Exploratory Statement 8: Personal Characteristics
of the Salesman Affect Sales Performance

This section of the paper discusses and summarizes the findings of the study with regard to certain "personal" characteristics of the salesmen studied. The effect of the following variables on sales performance are discussed:

- Sex
- Age
- Marital Status
- Number of Dependent Children
- Education
- Professional or Part-Time Status
- Real Estate Sales Experience
- Other Selling Experience
- Likelihood of Remaining in Real Estate
- Security Preference
- Age of Car

The Correlation coefficients obtained for these variables (where applicable) appear in Table 3-1 in summary form and will be referred to during discussion of each variable.

Sex. Almost a quarter of the Edmonton real estate salesmen are women. In comparing the income of women who had been in the business during 1971 to men of the same period it was found that these women averaged \$9,232 for the year, while the men averaged only \$8,779. Table 3-2 shows this information. Thus, it seems that women are at least as good (residential) real estate salesmen as men, on the whole. This finding, although it disagrees with some prevailing thought, does have some logical basis in that since women are generally considered to be the prime decision-makers in purchasing a new home, a woman salesman might relate to her client better than a male salesman could.

TABLE 3-1

RELATIONSHIP OF SOME "PERSONAL VARIABLES" TO SALESMAN'S 1971 GROSS
COMMISSION INCOME AS INDICATED BY CORRELATION COEFFICIENTS

Variable	Overall		Males		Females	
	R	P	R	P	R	P
Number of Dependent Children	N.S.		N.S.		-.28	.09
Age (to 45)	.31	.01	.36	.01	N.S.	
Age (after 45)	N.S.		.25	.06	-.27	.20
Education (to high school)	N.S.		N.S.		.35	.07
Education (after high school)	N.S.		N.S.		N.S.	
Real Estate Sales Experience	.23	.01	.23	.01	.19	.18
Other Selling Experience	N.S.		N.S.		N.S.	
Likelihood of Remaining in Real Estate	.38	.01	.36	.01	.47	.01
Income Preference	.24	.01	.25	.01	.19	.18
Prestige of Car	.19	.02	.30	.01	-.31	.06

Note: 1. N.S. denotes "Not Significant at $P < .20$

2. Coefficients were calculated to four places and rounded to two places.

TABLE 3-2
SALESMAN'S 1971 INCOME BY MARITAL
STATUS AND SEX

Marital Status	Average Male and Female Income	Number of Salesmen	Average Male Income	Number of Salesmen	Average Female Income	Number of Salesmen
Single	\$ 7,844	9	\$ 7,933	6	\$ 7,667	3
Married	\$ 9,103	90	\$ 8,805	77	\$10,869	13
Other	\$ 8,194	16	\$ 9,229	7	\$ 7,389	9
Overall Average		115	\$ 8,779	90	\$ 9,232	25

Marital status. Marital status relates to sales performance, but weakly. Overall, married salesmen were somewhat more successful than unmarried salesmen, with an average income of about \$1,000 a year higher. (See Table 3-2). However, when marital status is broken down by sex, a more complete story is told.

Married women averaged far and away the highest income with income over \$2,000 annually higher than male married salesmen. However, in the other two categories, "single" and "other," men were somewhat more successful than women. Interestingly, the "other" male groups were more successful than the "married" male group. However, this tendency is slight, and because of the relatively small size of the "other" male group, this tendency is not considered to be conclusive.

Thus it appears that marriage weakly relates positively to success for females, but the relationship is not clear.

Number of dependents. One might speculate that a larger number of dependents would motivate a salesman to work that much harder in order to maintain a good standard of living for his family. No such strong relationship was found. Overall, Pearson's Correlation showed no relationship between this variable and sales success. However, when broken down between male and female salesmen, a relationship did appear. For female salesmen it appears that a larger number of dependents correlates negatively ($R = -.28, P = .09$) with success. For male salesmen no correlation was found.

It is difficult to explain this finding. Perhaps for women the more children that they have decreases the amount of time that they have for selling real estate. For men, possibly more dependents do not take time away from real estate selling.

Age. Age does not co-relate with income in any obvious ways. For example, the average age of the highest earning group of salesmen is 44.8 years, compared to 42.7 years for the lowest-paid group. These gross measures are not indicative, however. In fact, the highly successful group is heavily concentrated to in the 36 to 45 year old group, while the low-earning group is concentrated at both extremes, the under 30 and over 50 groups. Table 3-3 shows a comparison of the high-earning group to the low-earning group.

Correlation analysis showed a strong relationship between age up to age 45 and income for male salesmen ($R = .36, P = .01$). For female salesmen, however, this relationship was extremely weak.

TABLE 3-3
BREAKDOWN BY AGE OF "HIGHEST" AND
"LOWEST" EARNING SALESMEN

	Group HS	Group LS
30 and under	4.2%	27.3%
31 to 35 years	8.3%	9.1%
36 to 40 years	38.5%	9.1%
41 to 45 years	12.5%	9.1%
46 to 50 years	8.3%	9.1%
Over 50 years	29.2%	36.4%
Totals	100.0%	100.0%

On the basis of this evidence it is seen that there is a strong relationship between age up to 45 and sales performance. Young (age 30 and under) residential salesmen earn an average of about \$3,400 annually less than those in the 31-49 age group. (See Table 3-4). Perhaps this is due to a perceived lack of experience felt by the prospective buyer. The buyer's reasoning could go somewhat like this: "How can this young fellow possibly know what is a good house when he has probably never owned one?"

The situation for salesmen over 45 years of age is not as clear. For females over 45 years, there was a moderately negative correlation between age and income ($R = -.27$, $P = .20$). Males showed a positive correlation between age after 45 and income ($R = .25$, $P = .06$).

TABLE 3-4
MAXIMUM, MEAN, AND MEDIAN INCOME OF VARIOUS
AGE GROUPS OF SALESMEN

Age	Maximum Income	Mean Income	Median Income
30 years and under	\$13,000	\$ 6,383	\$ 6,500
31 to 49 years	\$36,000	\$ 9,774	\$ 8,350
50 years and over	\$28,000	\$ 9,218	\$ 7,525

Education. General education level is related to sales performance, but again the relationship is not linear. Education up to high school level showed no correlation with income of male salesmen. However, for female salesmen, education to high school level correlated strongly positively ($R = .35$, $P = .01$) with income. No relationship was found between education after high school and income.

From Table 3-5 it is seen that the highest-earning group, which has completed high school, has an average income of \$10,134 which is about a thousand dollars higher than those who had some high school. Surprisingly, however, the next highest group are those that have grade nine or less for an average income of \$9,638, compared to average earnings of only \$8,542 for those with university degrees. It is interesting to note the university degree group scored lower than those who had some university training.

A possible reason why education does not appear to be helpful is that a large number of the university group are quite young. Since young residential real estate salesmen are not as successful as older ones, this may have the effect of understating the importance of education.

TABLE 3-5
SALESMAN'S 1971 INCOME BY EDUCATION

Highest Education Level	Number of Respondents	Average Income
Grade 9 or less	13	\$ 9,638
Some highschool	41	\$ 9,015
Completed highschool	25	\$10,000
Some technical school	7	\$ 4,943
Completed technical school	1	\$ 4,000
Some university	15	\$ 8,793
University degree	12	\$ 8,504

Professional or part-time. It is commonly believed in the real estate industry that "part-time" realtors are neither desirable nor effective. This study attempted to evaluate the performance of part-time salesmen vs. professional in order to test this belief. However, since no salesmen are allowed to belong to the Edmonton Real Estate Board unless they are "professional," it became difficult to identify these individuals.

It was first thought that these individuals could be found by asking them what percentage of their income came from real estate sales. This did not, however, identify part-time realtors who are housewives. Another method, which involved the use of number of hours worked in a week, also was not a success, as some highly successful professional realtors work less than 35 hours a week. Thus, no conclusions could be drawn regarding this variable.

Experience selling real estate. Real estate sales experience co-related moderately ($R = .23$, $P = .01$) with income for men and very weakly ($R = .19$, $P = .18$) with income for women. The highly successful group of salesmen had an average of approximately one more year of experience selling real estate than the least successful group: 7.12 years compared to 6.11 years.

Other selling experience. The impact of other selling experience upon the sales performance of the real estate salesman is not great. Correlation analysis did not show any relationship between "other selling experience" and sales performance, for either men or women. On the whole, the highest salesmen tended to have somewhat less "other sales" experience than the lowest salesman. Table 3-6 shows that the \$20,000 and over group has only 2.88 years of other selling experience compared to 8.13 years for the less than \$3,000 group. However, the \$9,000 to \$11,999 group had more "other selling experience" than any of the other groups. This data indicates little or no relationship between "other selling experience" and sales performance.

Attitudes. Two attitudes that were measured dealt with the intention to remain in the real estate industry and the general preference between high income and job security. It was found, as one would expect, that all of the highly successful salesmen in the "high" group reported that it was very likely that they would remain in real estate for the indefinite future. Surprisingly, however, 85.7% of the "low" group reported that it was very likely that they would remain in

real estate indefinitely. Overall, however, a strong correlation ($R = .38$, $P = .01$) existed between this variable and income.

TABLE 3-6
BREAKDOWN OF "OTHER SELLING EXPERIENCE"
BY INCOME CLASS

	Average Other Selling Experience	Number of Salesmen
Less than \$3,000	6.33 years	6
\$3,000 to \$5,999	5.31 years	32
\$6,000 to \$8,999	4.36 years	31
\$9,000 to \$11,999	7.48 years	21
\$12,000 to \$14,999	5.23 years	13
\$15,000 to \$19,999	9.60 years	5
\$20,000 and over	3.29 years	7
		135

When asked to choose between "job security" and "high income" 45.8% of the "highly successful" replied that they preferred high income, while only 23.5% of the "less successful" group responded in this manner. Another 45.8% of the "highly successful" group reported that they preferred "some of both" while for the "low" group 6.8% felt this way. Pearson's correlation showed a moderate ($R = .25$, $P = .01$) relationship between a preference for high income and sales success for men, and a somewhat weaker relationship for women ($R = .19$, $P = .18$). This finding seems to suggest that less successful

salesmen do not seem to desire a high income to the same degree that highly successful salesmen do.

Prestige of car. The prestige of the car driven by the salesman did relate to 1971 income, but in different ways for male and female salesmen. For male salesmen prestige of car showed moderate positive correlation ($R = .30$, $P = .01$) with income. However, for women, prestige of car showed a strong negative correlation ($R = -.31$, $P = .06$) with income.

Although this finding is somewhat surprising, one explanation may be that for a man a car is more of a "symbol" of his personal success. For women this "symbolic" relationship between a car and personal success may not exist.

Conclusion. Several "personal characteristic" variables were found that were related to salesmen's 1971 income. However, these variables were somewhat different for male and female salesmen. (See Figure 3-1.)

However, it was also found that sex, *per sé*, was not strongly related to success of a real estate salesman: women realtors earned slightly more, on the average, than male realtors. For males, two variables, age to 45, and likelihood of remaining in real estate, correlated strongly with sales performance. Four variables were moderately related to sales performance. These were prestige of car driven by salesman, income preference, age after 45, and real estate sales experience. Five variables showed little or no relationship to income: number of dependents, marital status, other selling experience,

education after high school, and education to high school. No variables related negatively to income.

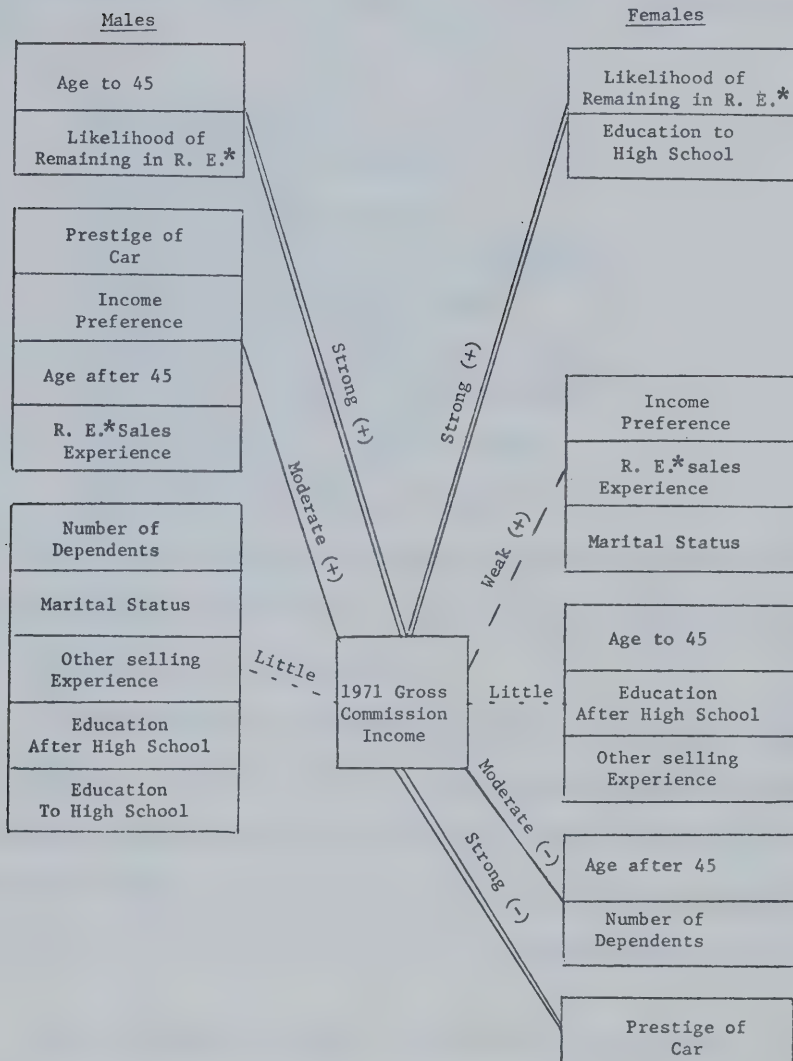
For females, likelihood of remaining in real estate and education to high school co-related strongly to sales performance. Three variables were related weakly to sales performance. They were income preference, real estate sales experience, and marital status. Age to 45, education after high school, and other selling experience showed little or no relationship to sales performance.

Three variables, for females, correlated negatively with sales performance. Prestige of car showed a strongly negative relationship to sales performance. Age after 45 and number of dependents were related moderately negatively to sales performance.

The finding that personal characteristics of "good" male real estate salesmen and "good" female salesmen differ is of great interest, and has far-reaching implications for the real estate industry. This is especially so in the light of the finding that women are at least equal to or better than men as realtors. The implication is that when hiring real estate salesmen different criteria should be used for male and female applicants. For example, for males the variable strongly related to success is age to 45, while for females age to 45 does not correlate at all with success and education to high school does. Recognition of differences such as these could greatly improve present selection procedures in the industry.

FIGURE 3-1

A SCHEMATIC DIAGRAM OF THE RELATIONSHIP
BETWEEN "PERSONAL CHARACTERISTICS"
AND SALES PERFORMANCE



*Note: "R.E." denotes "Real Estate."

C. Exploratory Statement 9: Work Habits of
the Salesman Affect Sales Performance

This section summarizes the findings of the study with respect to how the various work habits of the individual salesman affect his sales performance. The following "work habit" variables are discussed:

- Time "on the job"
- Time on "Non-sales" activities
- Availability of Salesman
- Time Allocation
- Amount of Planning Ahead
- Use of "Cushion" in Pricing Listing
- Importance of selling at "Asking Price"
- Methods of Obtaining Listings
- Length of Buyer Interview
- Personal Familiarization with property
- Number of Properties Shown to Buyer
- Most Important Sales Aid
- Weekly Number of Prospects seen
- Speed of Closing Sale
- Time Spent on Previous Clients

As in the previous proposition it was found that successful male salesmen had different characteristics from successful female salesmen. This is discussed for each variable.

In summarizing the findings relating to this proposition, the same grouping of "highly" and "less" successful residential salesmen as was used in Proposition 8 has been used here. Pearson's Correlation co-efficients that were obtained for some variables are summarized in Table 3-7, and are referred to throughout this section.

Weekly hours on the job. Although one might expect sales performance to vary directly with hours spent on the job, no such positive correlation was found. The highest earning salesmen actually put in a little less time than those who earned less income, with the

TABLE 3-7

RELATIONSHIP OF SOME "WORK HABIT" VARIABLES TO SALESMAN'S
1971 GROSS COMMISSION INCOME AS INDICATED
BY CORRELATION COEFFICIENTS

Variable	All Salesmen R	Male Salesmen R	Female Salesmen R
Time "on the job"	N.S.	N.S.	N.S.
Time on "non-sales" Activities	N.S.	N.S.	N.S.
Use of "Cushion" in Pricing Listing	N.S.	N.S.	N.S.
Importance of selling at "asking price"	.25	.33	N.S.
Length of Buyer Interview	-.22	-.19	-.35
Weekly Number of Prospects Seen	N.S.	N.S.	N.S.
Speed of Closing Sale	.33	.37	.23
Time Spent on Previous Clients	.13	.18	N.S.

Note: 1. N.S. denotes Not Significant at $P < .20$.

2. Coefficients were calculated to 4 places and rounded to two places.

exception of the less than \$3,000 group. The less than \$3,000 group averaged the lowest number of hours at 44.7 for an average week. Table 3-8 shows the weekly hours for each income group.

TABLE 3-8
WEEKLY HOURS "ON THE JOB,"
BY INCOME CLASS

Income Class	Number of Salesmen	Average Weekly Hours
Less than \$3,000	6	44.7
\$3,000 to \$5,999	26	51.5
\$6,000 to \$8,999	27	52.7
\$9,000 to \$11,999	10	49.1
\$12,000 to \$14,999	13	56.8
\$15,000 to \$19,999	5	44.0
\$20,000 and over	6	47.1
Overall - all groups		50.9

These findings suggest that sheer hours on the job do not ensure sales success; rather there must exist a number of other factors, such as how efficiently time is used, and when the time is put in, that have a stronger influence on sales performance.

Hours of "Non-Sales" time. The amount of time spent by salesmen on "non-sales" activities such as sales meetings and writing reports averaged 10.3 hours a week, with a median of 7.9 hours per week. The amount of time spent on these activities did vary somewhat, with

the middle income group reporting a somewhat higher amount of non-sales time than both the high and the low groups. The information is represented in Table 3-9. Correlation analysis indicated little or no relationship here.

A possible explanation for this is that, firstly, the high income group may be somewhat more efficient at completing the non-sales functions that must be carried out. The middle group may carry out the same activities but may not be as efficient in carrying them out. The low group may simply not carry out as much "non-sales" activity as the other two groups. As a certain amount of "non-sales" activity is probably necessary to the success of a salesman, the poorer performance of the "low" group may be due to the fact that they are not carrying out enough of this activity.

However, the facts are not clear, and further investigation is needed to more rigourously determine the role of "non-sales" activity in sales performance.

TABLE 3-9

WEEKLY HOURS OF "NON-SALES" ACTIVITY, BY INCOME CLASS

Income Class	Number of Salesmen	Average Number of "Non-Sales" Hours Weekly
Less than \$3,000	6	10.00
\$3,000 to \$5,999	26	7.69
\$6,000 to \$8,999	27	9.22
\$9,000 to \$11,999	10	14.05
\$12,000 to \$14,999	13	11.39
\$15,000 to \$19,999	5	8.00
\$20,000 and over	6	10.33
All Salesmen with 1971 Income	120	9.92

Times generally not available. A positive relationship was found between the general availability of the salesman and his sales performance. As Table 3-10 shows, 32.0% of Group HS reported that they were "always available" to assist a client while only 14.3% of the "low" group were "always available." This indicates that a successful salesman is more willing to spend time at the convenience of his client than an unsuccessful salesman.

TABLE 3-10

COMPARISON OF "HIGH" AND "LOW" INCOME SALESMEN ON
"TIMES GENERALLY NOT AVAILABLE TO CLIENTS"

	Group HS	Group LS
Weekends (least available)	8.0%	5.7%
Weekend evenings and Sundays	4.0%	11.4%
Sundays only	52.0%	62.9%
Weekend evenings	4.0%	2.9%
Other	-	2.9%
Always Available	32.0%	14.3%
Totals	100.0%	100.0%

Time allocation. The "high" group and the "low" group showed some difference in the amount of time allocated to each of the primary sales activities for real estate salesmen (See Table 3-11). Although both groups spent the largest amount of their time "showing homes to prospects," they disagreed on the second, third, and fourth-ranked activities. The better salesmen spent the second largest amount of their time "inspecting listings," while the "low" group

ranked this third, and "securing listings" ranked second. "Interviewing buyers" was ranked third by the "high" group and fourth by the "low" group. Both groups ranked "finding new buyers," "being floor man," and "holding open house" similarly, ranking them fifth, sixth, and seventh, respectively.

In summary, it appears that the better salesmen spend somewhat more time inspecting listings and interviewing buyers than the "low" group, with the "low" group devoting more of their time to obtaining the listings.

TABLE 3-11
ALLOCATION OF TIME BETWEEN VARIOUS
SALES ACTIVITIES

	Overall Rank*		Group HS		Group LS	
	Group HS	Group LS	Mean Rank	Median Rank	Mean Rank	Median Rank
Showing properties	1	1	2.250	2.000	2.033	-
Inspecting listings	2	3	2.550	2.333	3.200	3.300
Interviewing buyers	3	4	3.526	3.400	3.500	3.600
Securing listings	4	2	3.474	3.667	2.600	2.250
Finding new buyers	5	5	4.421	4.667	4.483	4.350
Being "floor man"	6	6	5.400	5.900	5.690	5.850
Holding open houses	7	7	5.611	5.786	6.429	-

* Note: The lower numerically rank, the greater the amount of time is spent on that activity by the salesmen.

Formal planning. In residential real estate sales formal planning more than a day (on paper) of activities does not seem

necessary, or even desirable. The "high" salesmen tend to do no more planning than the "low" salesmen, according to Table 3-12. This need not imply that planning ahead is not necessary, however. It is quite possible that the better salesmen use a large amount of informal planning, through use of "routine" they have developed over their years of selling real estate.

Rigid planning appears to be undesirable, since the best salesmen are always available on the call of a client. Thus, an optimal combination may be informal or tentative planning for the week, and formal planning a day ahead.

TABLE 3-12

AMOUNT OF FORMAL PLANNING OF "HIGH"
GROUP AND "LOW" GROUP OF SALESMEN

Amount of Formal Planning	GROUP HS	GROUP LS
None at all	8.0%	2.9%
A day ahead	56.0	60.0
A few days ahead	12.0	37.1
A week ahead	4.0	-
More than a week ahead	-	-
	100%	100%

Pricing policy. When asked whether or not they usually put a "cushion" in the price before listing a property, most salesmen responded "nearly always."

Most salesmen did not believe it was very important to sell at the "list" or "asking" price. However, there was a difference between the "high" and "low" groups in that the better salesmen tended strongly to sell more often at the asking price. A correlation of .25, $P = .01$ indicated a moderate relationship here. Those salesmen who responded "never" to the question, "How often do you sell a property at the 'list' of 'asking' price (or within \$250)?" earned, on the average, \$5,644 in 1971. Those who responded "almost never" earned \$8,060 while those who responded "sometimes" earned \$9,991. This indicates that more successful salesmen are not more successful because they are price-cutters - and that the strategy of always cutting a price in order to make a sale appears not to contribute to success.

However, this variable affects men and women differently. While, for males, this variable correlated strongly ($R = .33$, $P = .01$) with income. For females, no relationship was found. So, for females, it appears that cutting price may not affect success.

Methods of obtaining listings. Six major methods of obtaining listings were supplied, and salesmen were asked to pick out the three that they most often used. Personal referrals were not included among the six methods because we wished to test the effect of active methods for obtaining listings. However, many salesmen, not knowing the purpose of the question, added "referrals" to the list and invariably ranked it as the most important source of listings.

As Table 3-13 indicates, the "high" group of salesmen had a pronounced difference in methods from the lower group. Most "high" salesmen used "by owner" ads and signs, while few used "cold canvass"

telephone and door to door methods. Conversely, the "low" salesmen relied far more heavily on "cold canvass" methods and less heavily on "by owner" ads and signs. Expired listings were used about equally by the two groups, with 52% of the "better" group and 54% of the "poor" group using them.

TABLE 3-13

USE OF VARIOUS METHODS OF OBTAINING LISTINGS FOR
THE "HIGH" GROUP AND "LOW" GROUP OF SALESMEN

Method of Obtaining Listing	Group HS (% using)	Group LS (% using)
By owner ads	89%	57%
Neighbors of listing	42%	38%
Phone canvassing	28%	63%
Door to door canvassing	14%	41%
By owner signs	75%	47%
Expired listings	52%	54%

Length of buyer interview. Salesmen were asked to state, on the average, how much time they spent on the first interview with a buyer, before selecting any properties to show him. Those who answered "10 to 29" minutes showed an average income considerably higher (see Table 3-14) than those who stated that they spent a longer period of time interviewing the buyer.

There are several interpretations of this finding. The first is that the "better" salesman simply does not take as much time to find out what the buyer wants and is able to buy. The second

interpretation is that a "better" salesman can "size-up" his potential client more quickly and efficiently. Many successful salesmen attributed, in fact, their success to their ability to "read" a client quickly and accurately to determine what the buyer needs and wants.

Overall, "length of buyer interview" did correlate negatively with sales performance ($R = -.22$, $P = .01$). For females, the correlation was much stronger ($R = -.35$, $P = .06$). This might indicate that successful females tend to find out the needs and wants of their clients more quickly than men.

TABLE 3-14

LENGTH OF BUYER INTERVIEW AND
SALESMAN'S 1971 INCOME

	Number of Salesmen	Average Income
Less than 10 minutes	2	\$ 7,000
10 to 29 minutes	26	11,896
30 to 59 minutes	39	8,679
60 to 89 minutes	25	7,652
90 minutes and over	12	7,704

Familiarization with property before showing. When asked how often, before showing a home to a potential buyer, the salesman personally inspected the home, 88% of the more successful salesmen report "always" or "nearly always." This compared to 85% for all salesmen and 80% for the less successful salesmen.

Number of properties shown to each prospect. This variable was meant to measure the tendency of particular salesmen to show more or less properties on average to each customer. However, many salesmen interpreted this questionnaire item to be asking how many homes should be shown to a customer at each particular tour of homes. This resulted in an invalid measure of the item that we wanted to measure.

However, salesmen were nearly unanimous in agreeing that no more than three or four houses should be shown to any particular client on any particular occasion. This agrees with the common belief that if any more homes than this are shown on any particular occasion that the customer becomes confused.

Most important sales aid. When asked what the most important sales aid to him was, the salesman was supplied with examples of what "sales aids" might be. The examples given were pamphlets and brochures, maps, Multiple Listing Service, advertising and lawn signs. The choices that each group made are summarized in Table 3-15.

A notable finding is that the more successful salesman felt that their most important sales aid was often not among the examples given. Typical of the "sales aids" that they thought were most important were "attitude toward people," "training," and "personal contacts." These "most important factors" were, in the great majority of cases, personal variables.

Number of prospects seen. No relationship was found between the number of prospects seen in a week by the salesman and income.

TABLE 3-15
MOST IMPORTANT SALES AID FOR "HIGH" AND
"LOW" GROUPS OF SALESMEN

	Group HS	Group LS
Pamphlets and Brochures	-	2.9%
Multiple Listing Service	4%	8.8%
Advertising	24%	44.1%
Lawn signs	48%	41.2%
Other	25%	2.9%
Totals	100%	100.0%

In an "average" week the "high" group of salesmen will show homes to about 5.2 prospects compared to 4.9 for the "low" group. This seems to indicate that the "successful" salesmen are not successful because they obtain more prospective buyers, but because they sell more of the prospects to whom they show homes.

Speed of closing sale. The length of time which a salesman allows his client to have to "think over" his decision on a property is strongly related to success ($R = .33$, $P = .01$). "Fast closers," who attempt to have a purchase agreement signed immediately after a client shows an interest in a property, showed an average income of \$10,675 in 1971. Many of these "fast closers" qualified their "immediate" and "right now" answers by adding that they attempt to close rapidly when they "know it is the right house for the client."

Intermediate closers were those who reported that they allowed the buyer some time to think over his decision, but certainly not

over-night. They averaged an income of \$8,312.

Slow closers were classified as those who reported that they allowed the buyer "as much time as he wants," "over-night" or "two or three days" to think about the purchase before attempting to sign a purchase agreement. This group had an average income of \$6,942 or \$3,800 annually less than the "fast closers." Table 3-16 shows this information.

Fast speed of closing was relatively more important for men ($R = .37$, $P = .01$) than for women ($R = .23$, $P = .15$). Perhaps this indicates that it is more necessary for men to use some "pressure" to close a deal than for a woman.

TABLE 3-16
SPEED OF CLOSING SALE AND SALESMAN'S
1971 INCOME

	Number of Respondents	Average Income 1971
Fast Closer	49	\$10,675
Intermediate Closer	17	\$ 8,312
Slow Closer	32	\$ 6,942

Time spent on previous clients. It is commonly believed that one key factor in the success of a salesman is the amount of time he spends servicing previous clients. This study, however, showed no difference between the reported percentage of time spent by successful and unsuccessful salesmen. Both groups reported spending an average of slightly over 7% of their time on previous clients.

Pearson's correlation showed a very weak ($R = .13$, $P = .10$) relationship between this variable and sales performance. This is not to suggest that servicing of previous clients is not important. Perhaps the manner in which they are serviced is relatively more important than the sheer amount of time spent. More investigation of this variable is needed.

Conclusion. Successful male salesmen were more similar to successful female salesmen in their "work habits" than in their "personal characteristics." In any case, few work habit variables were found to be strongly related to sales performance (see Figure 3-2).

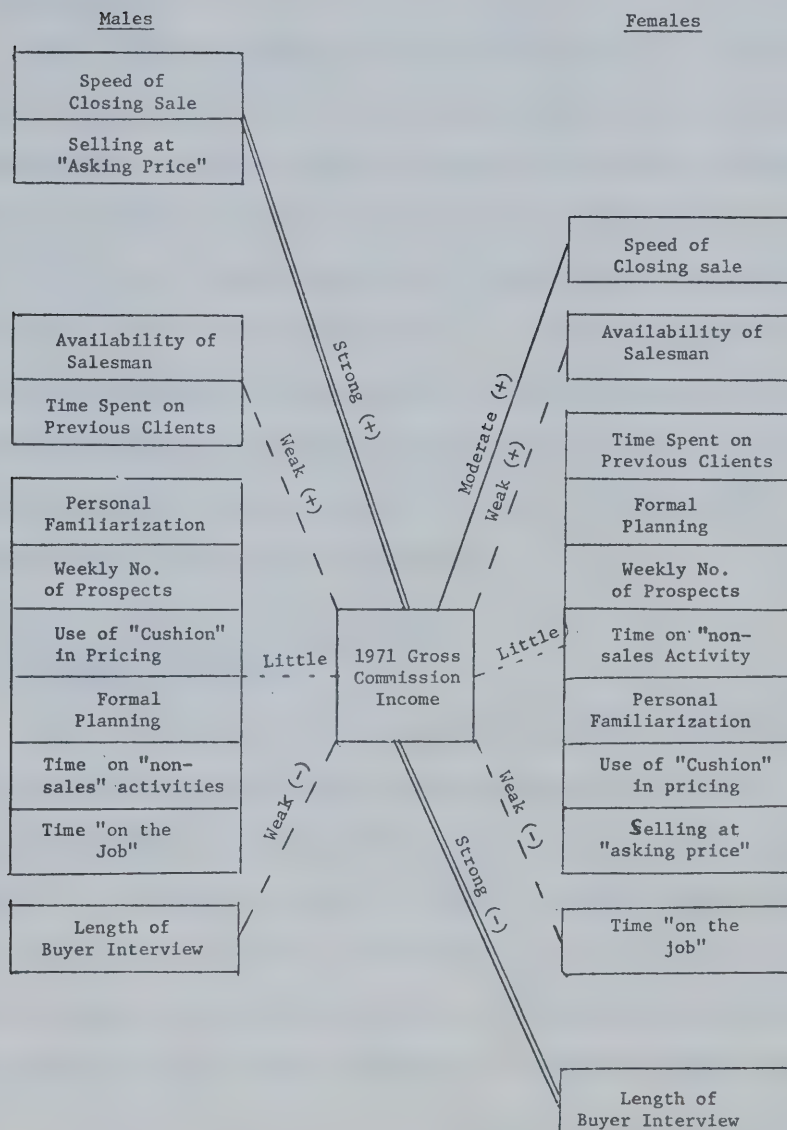
For males, "speed of closing the sale" and "importance of selling at asking price" were related strongly to sales performance. Two variables were weakly related to success: "availability of the salesman" and "time spent on previous clients." "Length of the buyer interview" showed a weak negative correlation with success. "Time allocation" and "methods of obtaining listings" were related somewhat to sales performance. The remainder of "work habit" variables had little or no relationship to income.

For females, no variable correlated strongly with success. One variable, "speed of closing sale," showed a moderate correlation with sales performance, while "availability of salesman" correlated weakly with success. "Length of buyer interview" showed a strong negative correlation with income. The remaining eight variables showed little or no relationship to sales performance.

A summary of the findings of this chapter and the major implications of these findings are presented in Chapter 4.

FIGURE 3-2

A SCHEMATIC DIAGRAM OF RELATIONSHIPS BETWEEN "WORK
HABIT" VARIABLES AND SALES PERFORMANCE



Note: "R.E." denotes "Real Estate."

CHAPTER 4

SUMMARY AND IMPLICATIONS

A. Introduction

This chapter summarizes the major findings of the study in sections. The first section deals with organizational and individual variables that were most strongly related to salesman's success. At least one of these variables came from each proposition except statements 2, 5, and 6, which dealt with, respectively, characteristics of the sales office, compensation policy, and training policy (the latter proving impossible to assess due to a lack of data). The second section discusses some variables that might have been expected to have an effect on sales, but did not. The final section discusses the implications and limitations of the study.

B. Variables Relating Most Strongly to Sales Performance

Four "organizational" variables appeared to have a strong effect on salesmen's performance, as indicated in Table 4-1. The most important variable was the existence of quota or goal systems for each salesman. Firms used this type of system in several ways. First, it served as a tool to motivate the salesman by giving him a goal to work toward. Second, it served as a method of evaluation and control for each salesman, thus allowing management to pin-point poor producers. Third, it could be used to assist in training the salesman--by bringing areas where the salesman is falling short to the attention of the supervisor. The supervisor could then give the man more training in his trouble areas.

TABLE 4-1

THE EFFECT OF "STRONGEST" ORGANIZATIONAL
VARIABLES ON SALESMAN'S 1971 INCOME

Variable	Difference in Mean Income	Difference in Median Income
Quota/Goal Systems	\$3,080	\$2,430
Sales Meetings	2,628	2,260
Selling or Non-selling Supervisors	2,175	1,610
Type of Office	2,028	2,425

The second powerful variable was the frequency of sales meetings. Firms that held sales meetings twice a week or more had salesmen who were far more successful than those salesmen belonging to firms having less frequent meetings. Sales meetings contributed to the success of salesmen in several ways. First, as one manager claimed: "It gets him out of bed and here on time." For this reason, most sales meetings were held first thing in the morning. Second, sales meetings enabled management and salesmen to share information about listings, pending deals, and other real estate information. A third use of sales meetings was to "fire up" salesmen; that is, to boost salesman's enthusiasm and ambition.

Whether the branch manager was allowed to sell or not was another important variable. Salesmen from firms where branch managers were not allowed to sell or list had incomes of over \$2,000 higher than salesmen from offices where branch managers did sell. There are several possible reasons for this. The first is simply that a non-selling

manager might have more time to support his salesmen. Another might be that the non-selling manager is more interested in assisting his salesmen, since his only source of income is through the performance of his sales force. Yet another possible reason is that a non-competing salesman is more effective, due to his removal as a rival to salesmen. Thus, they may confide in him to a greater extent.

The fourth variable was the type of office that was provided for the salesman. Salesmen with semi-private offices (2 to 4 people per room) had 1971 income over \$2,000 higher than salesmen who were housed in "open areas" (5 salesmen or more) in a single large room. This is particularly interesting in light of the fact that the present trend in real estate offices is to house salesmen in "open areas." It is somewhat difficult to explain this finding. Perhaps salesmen need some privacy in order to function at their best. Semi-private offices may cut down, to some extent, distractions and interruptions. However, more investigation is necessary to clearly understand this relationship.

It has been widely felt throughout the real estate industry that men are superior real estate salesmen. This is evidenced by the fact that, when questioned about selecting salesmen, just over 50% of Edmonton firms sampled preferred males, and the remainder had no preference. None preferred females. The findings of this study, which suggest that men and women are equally successful as residential realtors, disagree with this belief. There is some theoretical justification for this finding. First, the prime decision-maker in the selection of a home is generally considered to be the wife. A female

salesman thus might be better able to obtain a better rapport with wife than a male salesman would be able to. Second, home selection is essentially an emotional process. A female realtor, might possibly be more familiar with this process because of first-hand experience, and might be better able to use emotional processes to sell the buyer than a male could.

Relating to this is the finding that, although males and females are equally successful residential realtors, the successful female realtor is quite different in terms of both personal characteristics and work habits from the successful male realtor. For males, there were four variables that correlated strongly with sales performance (See Table 4-2). Speed of closing the sale was the most crucial variable in the success of a male salesman. Success related strongly with age up to the age of 45. Young (under 30) male residential real estate salesmen were not as successful as salesmen in the 30 to 45 age bracket. Likelihood of remaining in real estate, as might be expected, correlated highly with success. How frequently a salesman sells a property at or close to the "asking price" also correlated highly with success.

For females, the variables related most strongly to success were different (except for likelihood of remaining in real estate) from those relating strongly for males. The length of time spent interviewing the prospective buyer showed a strongly negative correlation with female success, as the prestige of the car she drove. Education, up to high school level, correlated strongly positively with success.

These findings imply that different selection criteria for males and females will be necessary in order to select applicants who will

TABLE 4-2

A COMPARISON OF "STRONGEST" INDIVIDUAL VARIABLES
FOR MALE AND FEMALE REAL ESTATE SALESMEN

<u>Male Realtors</u>			<u>Female Realtors</u>		
Variable	R	P	Variable	R	P
Speed of closing sale	.37	.01	Likelihood of remaining in Real Estate	.47	.01
Age to 45	.36	.01	Length of Buyer Inter- view	-.35	.06
Likelihood of remaining in Real Estate	.36	.01	Education to High School	.35	.07
Sell at "asking Price."	.33	.01	Prestige of car	-.31	.06

have the best possible chance of becoming successful real estate salesmen. These findings also suggest that somewhat different selling techniques are used by successful males and by successful females; and perhaps training courses should recognize these differences.

C. Variables Not Relating to Sales Performance

Some variables that were expected to relate to sales performance did not. This section discusses some of these variables and attempts to offer some explanation of why expected relationships were not found.

One of the most surprising findings was that both radio advertising and the frequency of semi-display advertising showed little or no relationship to salesman's 1971 income. Perhaps a problem with the radio advertising variable was that the researcher only considered whether or not the firm had carried out radio advertising in 1971. It was not possible to make potentially valuable distinctions regarding the quantity and quality of advertising. For semi-display advertising, consideration was only given to whether the company carried semi-display advertising daily or less often, with those who never used semi-display advertising being included in the "less often" group. No consideration or allowance was made for classified advertising. Thus, more precise investigation is necessary before one draws any definite conclusions.

The number of walk-in clients did not relate in any way to sales performance. A possible explanation for this result might be that "number of weekly walk-ins" was not precisely measured by this

study. The method used to determine the number of weekly "walk-ins" was to simply ask each branch manager for his estimate, which often were "rough and ready."

Compensation policy, overall, did not affect sales performance greatly. Sliding commission rates were not successful as incentives; salesmen on a fixed commission rate earned somewhat more. High commission rates did not correlate with salesman's income. Contests did prove to be some incentive, but only for the top salesmen. Thus, it appears that other than compensation variables are responsible for a salesman's success.

Territorial restrictions were not strongly related to salesman's income, although they were related to high total sales office income. Perhaps the traditional belief that it is necessary for a salesman to get to know one particular area has been outdated by the availability of better market data or possibly Edmonton has not yet reached a size where specialization is necessary.

D. Implications and Limitations of the Study

This section outlines the implications, for both real estate managers and real estate salesmen, of the findings of this study. Some cautions regarding the applicability of the findings are provided. Some possible directions for future research are outlined.

The findings of this study suggest several organizational policies that might lead to higher sales performance on the part of real estate salesmen. First, supervisors and managers should not be allowed to earn selling or listing commissions. Their prime function should be to support their salesmen. Second, effective procedures for

evaluating and controlling salesmen should be instituted. Performance of real estate salesmen is apparently improved when they are supervised closely. Third, sales meetings should be held frequently, preferably daily, first thing in the morning. Fourth, salesmen should not be housed in open areas but instead be provided with semi-private offices.

Selection procedures should take account of differing characteristics of successful male and female real estate salesmen. Although this study suggests that female salesmen are at least as successful as male salesmen, their personal characteristics appear to be somewhat different. For male applicants the prime selection criterion should be age; this study found that male residential salesmen under 30 years of age are not as successful as older salesmen. For women applicants, the prime selection criterion should be education; this study found that women with high school education were more successful than women who did not possess high school education.

For the individual salesman, it was found that "speed of closing the sale" is strongly related to success. Salesmen who attempted to introduce a purchase agreement immediately after the customer shows a definite interest in a property earned considerably more income than those salesmen who were slow to introduce a purchase agreement. It also appears to be important for the salesman to be able to find out the buyer's needs and wants within a 10 to 30 minute first interview.

At this point, several words of caution are in order. First, it should be noted that the findings of this study apply to Edmonton only. Although one might speculate that the implications of these

findings might apply to other cities of similar size, this is by no means certain. Readers wishing to apply the findings of this study to cities other than Edmonton should therefore proceed with extreme caution. Second, the analysis undertaken throughout this study assumed that each variable acted directly and independently upon sales performance. This, in fact, is probably not true. Perhaps the way that these variables are combined is more important to sales performance than any single variable.

There are several directions that future research in this area might take. More investigation of the effect of advertising is needed. The role of the branch manager and his effect upon the sales performance of his salesmen needs to be examined more closely. The relationship between training and performance could be explored. Perhaps the most important research need, however, is to attempt to determine how the variables thought to affect sales performance are related to one another, and how the interaction of these variables relates to sales performance.

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APPENDIX A
RESEARCH INSTRUMENTS

There were four basic documents used in this study to collect the necessary data. There were three styles of presentation of these documents: the structured interview, personal observation, and hand-out questionnaires completed in the presence of the interviewer.

1. Organization Questionnaire (Exhibit A-1)

The information gathered with this document was general to the entire firm that was being studied. Management policies were of particular interest. This information was obtained through a structured interview with a ranking executive (such as the general manager) with the interviewer filling out the form. Certain spaces on this form were not to be filled in immediately; they were interpretative of the data in order to aid computer compilation, and had to be compared with other such forms before they could be filled out. NUMBER USED --one per organization. (27)

2. Branch Questionnaire (Exhibit A-2)

This form had two parts: the first part was used to guide a structured interview with each branch or office manager in order to gain certain information about the sales office. The second part was filled in by the interviewer from personal observation and included such data as working conditions, appearance of the branch, and location characteristics of the branch. NUMBER USED--one per sales office. (40)

3. General (Salesman's) Questionnaire (Exhibit A-3)

This questionnaire gathered parameter data about the sales force, as well as their opinions and views on certain subjects. These questionnaires were handed to the salesman by the interviewer who remained while the respondent filled out the questionnaire. NUMBER USED --one per salesman. (236)

4. Standard (Supervisor's) Questionnaire (Exhibit A-4)

This form was an adaptation of the above questionnaire and was administered to all sales management and supervisory personnel. It provided parameter data, but more importantly provided a comparison of management and sales force attitudes on certain subjects. NUMBER USED --one per supervisor. (52)

TABLE A-1
RELATIONSHIP OF STATEMENTS, VARIABLES, AND QUESTIONNAIRE ITEMS

CODE: O - Organization Questionnaire C - Compensation Section
 B - Branch Questionnaire G - General Questionnaire
 S - Standard Questionnaire

Statement	Variable	Questionnaire Item
1. Organization Structure Affects Sales Performance	1. number of sales offices 2. number of supervisors 3. type of supervisors 4. supervisor's job responsibilities 5. number of salesmen 6. type of salesmen 7. salesman's job responsibilities 8. territorial policy	O3 O8, B8 O8, B8, S4, S5 S15, O19 O8, B8 G4, G5 G26, O18 O15
2. Characteristics of the Sales Office Affect Sales Performance	1. location 2. size of territory covered 3. characteristics of locale 4. length of time at location 5. outside and inside appearance 6. proximity to competitors 7. traffic flow 8. visibility of office 9. size of office 10. parking space	B2, B20 B5 B6, B7 B3 B19, B26 B22 B21 B19 B15 B18
3. Working Conditions Affect Sales Performance	1. number and type of support staff 2. telephone services 3. other services	B9, B10 B12 B16

TABLE A-1 (continued)

Statement	Variable	Questionnaire Item
3. (cont'd)	4. availability of private offices	B11
	5. work space	B25
	6. noise	B24
	7. lighting	B24
	8. furniture provided	B23
	9. general inside appearance	B26
	10. parking space	B13
	11. car provided	C12.4
4. The Amount of Sales Support Affects Sales Performance	1. advertising budget	O9
	2. media employed	O10, O11
	3. characteristics of advertising	O12
	4. sales aids used	O13, S20, G21
	5. supervisory assistance	S15
	6. support services	B9, B10, B16
	7. number and characteristics of sales meetings	O14, S17, G18
5. Compensation Policy Affects Sales Performance	1. commission rates	C1
	2. salaries	C2
	3. bonuses	C3
	4. branch profit-sharing	C4
	5. total company profit-sharing	C5
	6. contests and prizes	C6
	7. special awards	C7
	8. formula for wage assessment	C11
	9. Guarantees	C9
	10. holdbacks	C8
	11. expense accounts	C10
	12. fringe benefits	C12

TABLE A-1 (continued)

Statement	Variable	Questionnaire Item
6. Training Policy Affects Sales Performance	1. number of training courses available	O23
	2. nature of courses	O23
	3. extent of courses	O23
	4. frequency of courses	O23
	5. on the job training procedures	O24
	6. satisfaction with procedures	S21, G22
7. Evaluation and Control Procedures Affect Sales Performance	1. number and characteristics of written reports	O18, O19
	2. number and characteristics of informal reports	O18, O19
	3. time required to carry out these duties	S15, G14
	4. standards/quotas applied	O20
	5. personnel evaluation procedures	O21
	6. attitudes toward these procedures	G15, G17
8. Personal Characteristics of Sales Staff Affect Sales Performance	1. sex	S6, G6
	2. age	S7, G7
	3. education and training	S11, G10
	4. marital status	S8, G8
	5. number of dependents	S8, G8
	6. experience	S10, S12, G11
	7. professional or part-time	S13, G12
	8. attitudes towards management	G16, G39
	9. attitudes towards real estate profession	S18, G19

TABLE A-1 (continued)

Statement	Variable	Questionnaire Item
9. Work Habits of Sales Staff Affect Sales Performance	1. hours worked 2. when available 3. time allocation 4. amount of planning 5. number of prospects seen 6. pricing policy 7. methods of obtaining listings 8. selling techniques	S13, G12 S14, G13 G26, G37 S25, G27 S35, G38 S27, S28, G29, G30 S32, G32 S31, G31, S33, G34 S34, G36, S30, G33 G40
Sales Performance (Dependent Variables)	1. Salesman's 1971 Gross Commission Income 2. Sales Office 1971 Gross Commission Income 3. Total Firm 1971 Gross Commission Income	G23, G25, S22, S24 B17 016

EXHIBIT A-1

ORGANIZATION QUESTIONNAIRE

ORGANIZATION QUESTIONNAIRE

(Structured Interview Format)

This questionnaire has been designed in order to assist in a study of key strategy features in the real estate industry. This study is being carried out by the University of Alberta Faculty of Business Administration and Commerce and is funded by the Alberta Real Estate Association. The findings of this study will be made available to all members of the A. R. E. A.

In order for this study to be a success, we must have your responses to all of the items on this questionnaire. All responses will be coded and the filled in forms secured so that the identity of firms and individuals will not be revealed. As well, the name of your company will not be revealed in any reports or presentations. Strict anonymity will be maintained throughout the study.

Thank you very much for your valued co-operation.

ORGANIZATION QUESTIONNAIRE

1. Firm Name: _____
2. Head Office: _____
3. Other Branches: 2. _____
 3. _____
 4. _____
 5. _____
 6. _____
 7. _____
 8. _____
- Total Offices _____
4. Number and location of other cities that firm is located in: Number: _____
 Locations: _____

5. Is your firm associated or affiliated with any other organization: ☐ 1. Yes ☐ 2. No
 Please give details: _____

6. How long, in years, has your firm been operating in Edmonton: _____ In real estate: _____
7. Does your firm do other types of business, besides real estate: ☐ 1. Yes ☐ 2. No
 If yes, please specify: ☐ 1. General Insurance ☐ 2. Life Insurance
☐ 3. Mortgages ☐ 4. Other (specify) _____
 What would you consider to be your principal business: _____
 Would you please indicate your approximate split in gross 1. Real Estate _____ %
 commissions between real estate sales and your other business: 2. Other bus. _____ %
8. How many sales supervisors/managers does your firm have: _____
 How many spend at least part of their time selling: _____
 Exclusive of those above, how many salesmen does your firm employ: _____
9. Please estimate your advertising budget for the years 1971, 1970, and 1969:
 \$ 1971 1970 1969

10. Please estimate your media breakdown, by institutional and classified advertising, 1971.
- | | Institutional | Classified |
|---------------------------|---------------|------------|
| 1. Television advertising | \$ _____ | \$ _____ |
| 2. Radio advertising | _____ | _____ |
| 3. Newspaper advertising | _____ | _____ |
| 4. Outdoor advertising | _____ | _____ |
| 5. Other advertising | _____ | _____ |

2.

Details of other advertising: _____

11. Did the media breakdown change significantly during the past three years:

☐ 1. Yes ☐ 2. No If yes, please explain: _____

12. How would you characterize your advertising in terms of theme, emphasis, style, and appearance? How does it differ from that of your competitors?

1. Institutional: _____

2. Classified: _____

13. What sales aids does your firm use? Could I have samples of these?

Pamphlets, brochures, and booklets:

1. _____
 2. _____
 3. _____
 4. _____

- ☐ 1. None available
☐ 2.
☐ 3.
☐ 4.
☐ 5. Many freely available

Maps and drawings:

1. _____
 2. _____
 3. _____

- ☐ 1. None available
☐ 2.
☐ 3.
☐ 4.
☐ 5. Many freely available

Photographic material:

1. _____
 2. _____
 3. _____

- ☐ 1. None available
☐ 2.
☐ 3.
☐ 4.
☐ 5. Many freely available

Other aids:

1. _____
 2. _____
 3. _____

- ☐ 1. None available
☐ 2.
☐ 3.
☐ 4.
☐ 5. Many freely available

3.

14. How many branch sales meetings are held in an average month: _____

What, in minutes, is the average length of these meetings: _____

Who are they usually chaired by: _____

☐

Who are they attended by: _____

☐

What are the topics discussed, in order of time-consumption:

1. _____

2. _____

3. _____

4. _____

5. _____

15. Are your salesmen confined to a particular selling district: ☐ 1. Yes ☐ 2. No

How are districts allocated: _____

16. What was your firm's sales volume from real estate sales for the years 1971, 1970, & 1969:

	1971	1970	1969
volume from real estate sales			
for the years 1971, 1970, & 1969: \$	_____	_____	_____

Gross real estate commissions: \$ _____

17. Please estimate the per centage of sales volume and gross commissions that you obtain from each type of real estate sales:

(A in sales volume, B in gross commissions)

	A	B
1. Residential	_____ %	_____ %
2. Commercial	_____ %	_____ %
3. Industrial	_____ %	_____ %
4. Other	_____ %	_____ %

18. What written reports do you require your salesmen to fill out, and how frequently must these reports be made:

1. _____

☐ 1. None

2. _____

☐ 2.

3. _____

☐ 3.

4. _____

☐ 4.☐ 5. Very large number

19. What reports do you require your supervisors/managers (sales) to fill out, and how frequently must these reports be made:

1. _____

☐ 1. None

2. _____

☐ 2.

3. _____

☐ 3.

4. _____

☐ 4.☐ 5. A great many

20. What standards or quotas do you set for your salesmen:

☐ 1. Not Rigorous

☐ 2.

☐ 3. Quite Rigorous

☐ 4.☐ 5. Very Rigorous

4.

21. How do you evaluate the performance of your sales force? Please discuss the mix between written reports and personal observation, the frequency of these evaluations, and the persons that they are done by:

22. What are your minimum requirements for hiring a new salesman:

Age _____ to _____ Sex: ☐ 1. Male preferred ☐ 2. Female preferred ☐ 3. Either

☐ 1. Only full-time ☐ 2. Only part-time ☐ 3. Either

Experience required: Years in real estate sales: _____ Years of other selling: _____

Other experience desired: _____

Education desired: _____

Other criteria: _____

23. Are your sales employees, upon joining the firm, given an opportunity to participate in a/some training courses: ☐ 1. Yes ☐ 2. No How many: _____

Length of courses (days): 1. _____ 2. _____ 3. _____ 4. _____

Are these courses:

1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Compulsory to all
2. Compulsory to some
3. Optional

Who are they carried out by: 1. _____ 2. _____
3. _____ 4. _____

What subjects are covered in each of these (%):

1. Appraisal of property
2. Financing of contracts
3. Familiarization with particular firm
4. Understanding buyer psychology
5. Specific selling techniques
6. Other subjects (please give details)

1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

24. On the job sales training procedures: _____

Compensation Policy

What is the compensation policy in your firm for the position of:

- | | |
|--------------------------|--------------------------------|
| <input type="checkbox"/> | 1. General manager |
| <input type="checkbox"/> | 2. Branch manager |
| <input type="checkbox"/> | 3. First line sales supervisor |
| <input type="checkbox"/> | 4. Salesman |
| <input type="checkbox"/> | 5. Other _____ |

1. Commission rates: _____

Sale _____ % (in gross	
Listing _____ % Commis-	
Both _____ % ions)	

What is your general gross commission on the following types of property:

1. Residential _____ % 2. Commercial _____ % 3. Industrial _____ %

Are these rates ever subject to negotiation: ☐ 1. Yes ☐ 2. No How often _____ %

2. Salaries: _____

<input type="checkbox"/> 1. Yes <input type="checkbox"/> 2. No	
Average percentage of total income: _____ %	

3. Bonuses: _____

<input type="checkbox"/> 1. Yes <input type="checkbox"/> 2. No	
Average percentage of total income: _____ %	

4. Branch profit-sharing: _____

<input type="checkbox"/> 1. Yes <input type="checkbox"/> 2. No	
_____ % of _____	

5. Total company profit-sharing: _____

<input type="checkbox"/> 1. Yes <input type="checkbox"/> 2. No	
_____ % of _____	

6. Contests and prizes: _____

<input type="checkbox"/> 1. Not Used	
<input type="checkbox"/> 2. Little used	
<input type="checkbox"/> 3. Moderately used	
<input type="checkbox"/> 4. Extensively used	
<input type="checkbox"/> 5. Very extensive	

7. Special awards: _____

<input type="checkbox"/> 1. Not used	
<input type="checkbox"/> 2. Little used	
<input type="checkbox"/> 3. Moderately used	
<input type="checkbox"/> 4. Extensively used	
<input type="checkbox"/> 5. Very extensive	

8. Holdbacks: _____

☐ 1. Yes ☐ 2. No

_____ % of _____

9. Guarantees and over-rides: _____

☐ 1. Not used
☐ 2. Not extensive
☐ 3. _____
☐ 4. Extensive
☐ 5. Very extensive

10. Expense accounts: _____

☐ 1. Not used
☐ 2. _____
☐ 3. Moderately used
☐ 4. _____
☐ 5. Extensively used

11. Formula for assessment and re-assessment of wages: _____

☐ 1. Not defined
☐ 2. Not clearly defined
☐ 3. Somewhat vague
☐ 4. Quite clear
☐ 5. Very detailed

12. Fringe benefits:

1. Pension plan: _____

☐ 1. Yes ☐ 2. No

2. Holidays (length, flexibility, carryover): _____

☐ 1. Minimal
☐ 2. _____
☐ 3. Average
☐ 4. _____
☐ 5. Best in industry

3. Sick leave: _____

☐ 1. None
☐ 2. _____
☐ 3. Average
☐ 4. _____
☐ 5. Best in industry

4. Car benefits: _____

☐ 1. None
☐ 2. Pay some expenses
☐ 3. Pay all expenses
☐ 4. Provided at charge
☐ 5. Provided at no charge

5. Purchasing through company: _____

☐ 1. None
☐ 2. _____
☐ 3. Average
☐ 4. _____
☐ 5. Best in industry

6. Other fringe benefits: _____

☐ 1. None
☐ 2. _____
☐ 3. _____
☐ 4. _____
☐ 5. Very beneficial

EXHIBIT A-2
BRANCH QUESTIONNAIRE

BRANCH QUESTIONNAIRE

(Structured Interview Format)

This questionnaire has been designed in order to assist in a study of key strategy features in the real estate industry. This study is being carried out by the University of Alberta Faculty of Business Administration and is funded by the Alberta Real Estate Association. The findings of this study, which pose considerable potential significance for the management of real estate sales organizations, will be made available to all members of the A. R. E. A. The management of your firm has kindly given us full co-operation with this project.

In order for this study to be a success, we must have your responses to all of the items on this questionnaire. All responses will be coded and the filled in forms secured so that the identity of firms and individuals will not be revealed. As well, the name of your company will not be revealed in any reports or presentations. Strict anonymity will be maintained throughout the study.

Thank you very much for your valued co-operation.

BRANCH QUESTIONNAIRE

Code

1. Firm Name: _____
2. Branch Location: _____
3. How long has this branch been at this location (selling real estate): _____
4. Please estimate, in terms of sales volume, the per centage distribution of the types of real estate that you sell:

1. Residential	_____ %
2. Commercial	_____ %
3. Industrial	_____ %
4. Other	_____ %
5. What territory is covered from this branch (also fill in on map):

6. Please estimate the high, low and average property value (residential) in your territory:
 High \$ _____ Low \$ _____ Average \$ _____
7. Please estimate the age of the subdivisions in your territory, in terms of oldest, newest, and average: Oldest _____ Newest _____ Average _____
8. How many sales supervisors do you have at this branch: _____
 How many of these spend at least part of their time selling: _____
 Exclusive of those above, how many salesmen do you have at this branch: _____
9. What support staff do you have at this office: _____

10. What is the nature of their work: _____

11. Do you provide private offices for each salesman: ☐ 1. Yes ☐ 2. No
 If not, what arrangements are made: _____

12. Does each salesman have his own telephone: In office: ☐ 1. Yes ☐ 2. No
 In car: ☐ 1. Yes ☐ 2. No
13. What parking facilities are provided for salesmen: ☐ 1. None, must pay own rent
☐ 2. Share rent with salesmen
☐ 3. Provided at no charge
14. In an average week, how many unsolicited "walk-in" clients might your branch have: _____
15. What is the frontage of this office: _____ Number of square feet: _____

2.

16. What services do you provide for your sales force: ☐ 1. None
☐ 2. Below average
☐ 3. Average
☐ 4. Above average
☐ 5. Exceptional
- _____
- _____
- _____

17. What was the gross commission income for this branch for the years 1971, 1970, and 1969.

	1971	1970	1969
\$	_____	_____	_____
Sales volume: \$	_____	_____	_____

PART II: Personal Observation

18. Customer parking:

Adequacy

- ☐ 1. None available
☐ 2. Some available at cost to customer
☐ 3. Some available free to customer
☐ 4. Sufficient freely available
☐ 5. More than adequate freely available

Convenience

- ☐ 1. Very inconvenient
☐ 2. Somewhat inconvenient
☐ 3. Fairly convenient
☐ 4. Quite convenient
☐ 5. Right outside door

19. Outside appearance:

Overall attractiveness

- ☐ 1. Least attractive
☐ 2. _____
☐ 3. Quite attractive
☐ 4. _____
☐ 5. Most attractive

Visibility

- ☐ 1. Poor from all sides
☐ 2. Poor from most approaches
☐ 3. Poor from some approaches
☐ 4. Quite good from all approaches
☐ 5. Very good from all approaches

20. Located in: _____

- ☐ 1. Separate building
☐ 2. Small business block
☐ 3. Large business block
☐ 4. Small shopping centre
☐ 5. Large shopping centre

21. Traffic flow: _____

- ☐ 1. Extremely light
☐ 2. Quite light
☐ 3. Moderate
☐ 4. Quite heavy
☐ 5. Very heavy

22. Proximity to competitors:

How many competing firms offices
within a radius of:

1 block 2 blocks 3 blocks 4 blocks

How many competing firms have offices
within the branch selling territory:

3.

23. Quality and age of office furniture:

- | | |
|--|--------------|
| | 1. Poor |
| | 2. |
| | 3. Adequate |
| | 4. |
| | 5. Excellent |

24. Interior:

Lighting

- | | |
|--|--------------|
| | 1. Poor |
| | 2. |
| | 3. Adequate |
| | 4. |
| | 5. Excellent |

Noise

- ☐ 1. Very distracting most times
☐ 2.
☐ 3. Somewhat distracting at times
☐ 4.
☐ 5. Quiet at all times

25. Work space:

- | | |
|--|-----------------------|
| | 1. Poor, very crowded |
| | 2. Quite poor |
| | 3. Adequate |
| | 4. Quite spacious |
| | 5. Very spacious |

26. General interior appearance:

- | | |
|--------------------------|--------------|
| <input type="checkbox"/> | 1. Poor |
| <input type="checkbox"/> | 2. |
| <input type="checkbox"/> | 3. Average |
| <input type="checkbox"/> | 4. |
| <input type="checkbox"/> | 5. Excellent |

Additional Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

EXHIBIT A-3

GENERAL (SALESMAN'S) QUESTIONNAIRE

GENERAL QUESTIONNAIRE

This questionnaire has been devised in order to assist in a study of key strategic features in the real estate industry. This study is being carried out by the University of Alberta Faculty of Business Administration and Commerce and is funded by the Alberta Real Estate Association, to which your firm belongs. The management of your firm has kindly given us full co-operation in this project.

Since the findings of this study will be used both by the real estate industry and for a masters thesis at the University of Alberta, it is important that we obtain your responses to all of the items on this questionnaire. All responses will be coded and the filled in forms secured so that the identity of individuals will not be revealed.

Your name will not be associated with any information you provide. As well, the name of your company will not be revealed in any reports or presentations. Strict anonymity will be maintained throughout the study.

Thank you very much.

GENERAL QUESTIONNAIRE

Please answer all of the following questions as openly and completely as possible. This questionnaire will be of no value unless it is completely filled out. Your name will not be associated with the data you provide.

	Code
1. Firm Name: _____	
2. Branch Location: _____	
3. Your Name: _____	

4. What is your job title: _____

5. Please check the type of sales with which you work: ☐ 1. Residential _____%
- (If you work with more than one type of sales ☐ 2. Commercial _____%
- please check box number 5 and fill in the per ☐ 3. Industrial _____%
- centage distribution of time that you spend on ☐ 4. Other _____%
- each one.) ☐ 5. More than one type

6. Sex: ☐ 1. Male ☐ 2. Female

7. Age: _____

8. Marital status: ☐ 1. Single ☐ 2. Married ☐ 3. Other

If married, how many children do you have living at home: _____

9. As of January 1, 1972, how long had you been ☐ 1. I was not here then
- located at this branch or office: ☐ 2. Less than one year
- ☐ 3. Less than two years
- ☐ 4. Two to five years
- ☐ 5. Five to ten years
- ☐ 6. Over ten years

10. Please check the ☐ 1. Grade nine or less
- highest level of ☐ 2. Some high school
- education that you ☐ 3. Completed high school
- have received: ☐ 4. Some technical school (specify) _____
- ☐ 5. Completed tech. school (specify) _____
- ☐ 6. Some university (specify) _____
- ☐ 7. University degree (specify) _____

All other training: _____

11. Experience: 1. How many years (as of January 1, 1972) have you sold
- real estate with your present firm: _____
2. How many years have you sold real estate for other
- firms before joining your present firm: _____
3. How many years of other selling experience had you
- had before you began to sell real estate: _____
4. Please list details of any other job experience below:

2.

12. How many hours do you spend "on the job" in an average week: _____

13. When are you generally not available: ☐ 1. Saturdays
☐ 2. Sundays
☐ 3. Weekend evenings
☐ 4. Other times (please specify below)

14. In an average week, how many hours of your time is spent on non-sales activity such as filling out reports and attending sales meetings: _____

15. Do you feel that the amount of information that you transmit to the management of your firm through reports is adequate for proper management of the firm: ☐ 1. Is not adequate
☐ 2. Is somewhat adequate
☐ 3. Is adequate
☐ 4. Is very adequate
☐ 5. Is excessive
16. Do you feel that management uses the information that you transmit to them to the best advantage of the firm: ☐ 1. Disagree strongly
☐ 2. Disagree somewhat
☐ 3. Neither agree nor disagree
☐ 4. Agree somewhat
☐ 5. Agree strongly
17. Do you feel that these reports transmit the right type of information: ☐ 1. Disagree strongly
☐ 2. Disagree somewhat
☐ 3. Neither agree nor disagree
☐ 4. Agree somewhat
☐ 5. Agree strongly
18. Do you feel that sales meetings, when held, are, to you, of: ☐ 1. No benefit
☐ 2. Some benefit.
☐ 3. Large benefit
☐ 4. Great benefit

How would you improve them: _____

19. Do you feel that it is likely that you will remain in a real estate career for the indefinite future:

Not Likely		Not Sure		Very Likely
1	2	3	4	5

20. Please indicate your preference between achieving a high income and having job security:

High Job Security		Some of Both		High Income
1	2	3	4	5

21. What sales aids are most important to you in assisting to make a sale:
 (Sales aids can include pamphlets, brochures, maps, M.L.S., advertising, lawn signs, etc.) Please rank in order of importance to you:

1. _____
 2. _____
 3. _____
 4. _____

3.

22. Do you feel that the sales training that you have received with this firm has been:
- | | |
|--------------------------|------------------------------|
| <input type="checkbox"/> | 1. Very inadequate |
| <input type="checkbox"/> | 2. Quite inadequate |
| <input type="checkbox"/> | 3. Helpful, but not adequate |
| <input type="checkbox"/> | 4. Quite adequate |
| <input type="checkbox"/> | 5. Very adequate |

How would you improve this: _____

23. What were your earnings from real estate sales for the following years: (approximately)
- | | | | |
|----|-------|-------|-------|
| | 1971 | 1970 | 1969 |
| \$ | _____ | _____ | _____ |

24. What percentage did this comprise of your total income: 1971 _____ % 1970 _____ % 1969 _____ %

25. What volume of sales did you have for these years: \$ _____

26. Please rank the following activities according to the amount of time you spend on each of them. For example, assign "1" to the activity that you spend the most time on, "2" to the activity that you spend the second largest amount of time on, etc. If you spend no time on some of these activities, assign "0" to them.

- | | |
|--------------------------|--|
| <input type="checkbox"/> | 1. Inspecting listings |
| <input type="checkbox"/> | 2. Interviewing new prospects (buyers) |
| <input type="checkbox"/> | 3. Showing properties to prospects |
| <input type="checkbox"/> | 4. Attempting to secure listings |
| <input type="checkbox"/> | 5. Holding open houses |
| <input type="checkbox"/> | 6. Making calls to find new buyers |
| <input type="checkbox"/> | 7. Being the "floor man" at the office |

Other activities: _____

27. How long in advance do you for-
mally (i.e. on paper) plan your
activities:
- | | |
|--------------------------|---------------------------|
| <input type="checkbox"/> | 1. Not at all |
| <input type="checkbox"/> | 2. A day ahead |
| <input type="checkbox"/> | 3. A few days ahead |
| <input type="checkbox"/> | 4. A week ahead |
| <input type="checkbox"/> | 5. More than a week ahead |

28. What year and make of car do you drive: year _____ make _____ ☐

29. When you are listing a property for sale, do you generally include a "cushion" in the price:
- | | |
|--------------------------|------------------|
| <input type="checkbox"/> | 1. Never |
| <input type="checkbox"/> | 2. Almost never |
| <input type="checkbox"/> | 3. Sometimes |
| <input type="checkbox"/> | 4. Nearly always |
| <input type="checkbox"/> | 5. Always |

30. How often do you sell a property at the "list" or "asking" price: (or within \$250 of "asking price")
- | | |
|--------------------------|------------------|
| <input type="checkbox"/> | 1. Never |
| <input type="checkbox"/> | 2. Almost never |
| <input type="checkbox"/> | 3. Sometimes |
| <input type="checkbox"/> | 4. Nearly always |
| <input type="checkbox"/> | 5. Always |

4.

31. Do you generally familiarize yourself with a property thoroughly, by personal inspection, before showing it to a prospective buyer:
- | | |
|--------------------------|--|
| <input type="checkbox"/> | 1. Never, it is a waste of time |
| <input type="checkbox"/> | 2. Not often, is not justified generally |
| <input type="checkbox"/> | 3. Sometimes, when I have time |
| <input type="checkbox"/> | 4. Nearly always |
| <input type="checkbox"/> | 5. Always |
32. Of the methods for securing listings shown below, please check the three that you most often use:
- | | | | |
|--------------------------|--|--------------------------|--------------------------------|
| <input type="checkbox"/> | 1. For sale by owner ads from newspapers | <input type="checkbox"/> | 2. Neighbors of listings taken |
| <input type="checkbox"/> | 3. Telephone solicitation | <input type="checkbox"/> | 4. Door to door solicitation |
| <input type="checkbox"/> | 5. For sale by owner signs | <input type="checkbox"/> | 6. Expired listings |
33. How long do you spend interviewing a prospective buyer to find out his needs and desires before selecting some properties to show him: _____
34. How many properties do you generally show a prospective buyer: _____
35. How long do you generally allow a prospective buyer to "think over" his decision on a property before you attempt to introduce a purchase agreement: _____
36. What record-keeping and other systems do you use for keeping in touch with previous clients: _____

37. What percentage of your time does this take: _____%
38. In an average week, how many prospective buyers would you have shown properties to: _____
39. What do you consider to be the key factors in the success of your company:

40. What do you consider to be the key factors in your success as a real estate salesman:

EXHIBIT A-4

STANDARD (SUPERVISORY) QUESTIONNAIRE

STANDARD QUESTIONNAIRE

This questionnaire has been designed to assist in a study of key strategy features in the real estate industry. This study is being carried out by the University of Alberta Faculty of Business Administration and Commerce, and is funded by the Alberta Real Estate Association, to which your firm belongs. The management of your firm has kindly given us full co-operation on this project.

Since the findings of this study will be used both by the real estate industry and for a master's thesis at the University of Alberta, it is important that we obtain your responses to all of the items on this questionnaire. All responses will be coded and the filled-in forms secured so that the identity of individuals will not be revealed.

Thus, your name will not be associated with the information you provide. As well, the name of your company will not be revealed in any reports or presentations. Strict anonymity will be maintained throughout the study.

Thank you very much.

STANDARD QUESTIONNAIRE

Please answer the following questions as openly and completely as possible. This questionnaire will be of no value unless it is completely filled out. Your name will not be associated with the data you provide.

Code

1. Firm Name: _____
2. Branch Location: _____
3. Your Name: _____
4. What is your job title: _____
5. Do you spend any of your time personally selling real estate: ☐ 1. Yes ☐ 2. No
 If yes, what percent of your time is spent selling: _____ %
 If yes, please check the type of sales that you work with: ☐ 1. Residential _____ %
☐ 2. Commercial _____ %
☐ 3. Industrial _____ %
☐ 4. Other _____ %
☐ 5. More than one type _____ %
 (If you work with more than one type of sales please check box number 5 and fill in the percentage breakdown of your time on each type.)
6. Sex: ☐ 1. Male ☐ 2. Female
7. Age: _____
8. Marital status: ☐ 1. Single ☐ 2. Married ☐ 3. Other
 If married, how many children do you have living at home: _____
9. As of January 1, 1972, how long had you been located at this branch or office: ☐ 1. I was not here then
☐ 2. Less than one year
☐ 3. Less than two years
☐ 4. Two to Five years
☐ 5. Five to ten years
☐ 6. Over ten years
10. How long have you been in your present position with the firm: _____
 What was your previous position: _____
11. Please check the highest level of education that you have received: ☐ 1. Grade nine or less
☐ 2. Some high school
☐ 3. Completed high school
☐ 4. Some technical school (specify) _____
☐ 5. Completed tech. school (specify) _____
☐ 6. Some university (specify) _____
☐ 7. University degree (specify) _____
 Any other training or courses: _____

12. Experience:
 1. How many years (as of January 1, 1972) have you sold real estate with your present firm: _____
 2. How many years have you sold real estate for other firms before joining your present firm: _____
 3. How many years of other selling experience had you had before you began to sell real estate: _____

2..

4. Please give details of any other job experience below:

13. How many hours do you spend "on the job" in an average week: _____

14. When are you generally not in the office or selling:

(Please check as many as apply)

- | | |
|--------------------------|---------------------------------------|
| <input type="checkbox"/> | 1. Saturdays |
| <input type="checkbox"/> | 2. Sundays |
| <input type="checkbox"/> | 3. Weekend evenings |
| <input type="checkbox"/> | 4. Other times (please specify below) |

15. Please estimate the per centage distribution of your non-selling time between the following activities:

- | | |
|--|---------|
| 1. Supervising, training, and otherwise supporting your sales force: | _____ % |
| 2. Analysis of past and present performance of your organization and planning for the future: | _____ % |
| 3. Day to day activities such as filling out routine reports and handling administrative duties: | _____ % |
| 4. Conferring with other members of management: | _____ % |
| 5. Other activities (please specify below) | _____ % |

16. Are you satisfied with the amount of information and feedback that you receive from your sales force or do you feel that you could use more information from them:

- | | |
|--------------------------|------------------------|
| <input type="checkbox"/> | 1. Very dis-satisfied |
| <input type="checkbox"/> | 2. Quite dis-satisfied |
| <input type="checkbox"/> | 3. Somewhat satisfied |
| <input type="checkbox"/> | 4. Quite satisfied |
| <input type="checkbox"/> | 5. Very satisfied |

17. Do you feel that your sales meetings are, for increasing the performance of your sales force, of:

- | | |
|--------------------------|------------------|
| <input type="checkbox"/> | 1. No benefit |
| <input type="checkbox"/> | 2. Some benefit |
| <input type="checkbox"/> | 3. Large benefit |
| <input type="checkbox"/> | 4. Great benefit |

How would you improve them: _____

18. Do you feel that it is likely that you will remain in a real estate career for the indefinite future:

Not Likely			Not Sure			Very Likely
1	2	3	4	5		

19. Please indicate your preference between having a high income and having high job security, if you had to choose between them:

High Job Security			Some of Both			High Income
1	2	3	4	5		

3.

20. What sales aids do you feel are most important in assisting to make a sale: (Sales aids can include pamphlets, brochures, maps, M.L.S., advertising, lawn signs, etc.) Please rank in order of importance to you:

1. _____
 2. _____
 3. _____
 4. _____

21. Do you feel that the sales training that this firm carries out is:

☐ 1. Very inadequate
☐ 2. Somewhat inadequate
☐ 3. Helpful, but not adequate
☐ 4. Quite adequate
☐ 5. Very adequate

How would you improve this: _____

22. What were your earnings from real estate sales for the following years: (approximately)
- | | 1971 | 1970 | 1969 |
|----|-------|-------|-------|
| \$ | _____ | _____ | _____ |

23. What percentage did this comprise of your total income: 1971 _____ % 1970 _____ % 1969 _____ %

24. What volume of sales did you have for these years: \$ _____

25. How long in advance do you formally (i.e. on paper) plan your activities:

☐ 1. Not at all
☐ 2. A day ahead
☐ 3. A few days ahead
☐ 4. A week ahead
☐ 5. More than a week ahead

26. What year and make of car do you drive: year _____ make _____ ☐

27. When listing a property do you feel that a "cushion" should be included in the price:

☐ 1. Never
☐ 2. Almost never
☐ 3. Sometimes
☐ 4. Nearly always
☐ 5. Always

28. Do you feel that is important that property should be sold at the list or "asking" price most of the time: (within \$250 of "asking price")

☐ 1. Not at all important
☐ 2. Not very important
☐ 3. Somewhat important
☐ 4. Very important
☐ 5. Extremely important

29. Do you emphasize to your salesmen that it is more important to obtain listings or to obtain sales:

☐ 1. Listings more important
☐ 2. Sales more important

30. How do you feel it takes to interview a prospective buyer to find out his needs and desires before selecting some properties to show him: _____

APPENDIX B
SUMMARY OF RESPONSES TO GENERAL
(SALESMAN'S) QUESTIONNAIRE

This Appendix summarizes the responses of Edmonton Real Estate Salesmen to the General (Salesman's) Questionnaire administered to them at the beginning of this study. These responses are grouped in four sections: personal characteristics, income, work habits, and attitudes and opinions.

1. Personal Characteristics:

Salesmen who sold only residential real estate or primarily residential real estate comprised 92.1 per cent or 214 of the 236 salesmen who filled in questionnaires, as seen in Table B-1. Twenty salesmen were only or primarily Commercial/Industrial and the remaining 2 sold "other" real estate - primarily farms and acreages.

TABLE B-1
TYPE OF REAL ESTATE SALES

	Number of Salesmen	Percentage of Salesmen
Only Residential	151	65.4
Primarily (over 50%) Residential	63	26.7
Only Commercial/Industrial	8	3.4
Primarily (over 50%) Commercial/ Industrial	12	5.1
Primarily (over 50%) Other [*]	2	0.8
TOTALS	236	100%

^{*} Such as Farms and Acreages

Table B-2 shows that over three-quarters (77.1 per cent) of the salesmen are men.

TABLE B-2

SEX		
Sex	Number of Salesmen	Percentage of Salesmen
Male	182	77.1
Female	54	22.9
TOTALS	236	100%

The average age of salesmen was 40.8 years, but there was a wide range of ages. Table B-3 shows that 24.7 per cent of the salesmen are under 31 years of age and 22.8 per cent are over 50 years of age.

TABLE B-3

AGE		
	Number of Salesmen	Percentage of Salesmen
Under 31 years	56	24.7
31 - 35 years	24	10.5
36 - 40 years	33	11.5
41 - 45 years	36	13.2
46 - 50 years	26	12.5
Over 50 years	52	22.8
TOTALS	227	100%

Minimum Age: 20 years
Mean Age: 40.8 years

Maximum Age: 70 years
Median Age: 40.6 years

About 74.4 per cent of the salesmen were married while 13.2 per cent were single and 12.4 per cent were "other," according to Table B-4. Table B-5 shows that slightly over half (52.2 per cent) of salesmen have one or more dependent children.

TABLE B-4
MARITAL STATUS

	Number of Salesmen	Percentage of Salesmen
Single	31	13.2
Married	174	74.4
Other *	29	12.4
TOTALS	234	100%

* Divorced or widowed

TABLE B-5
NUMBER OF DEPENDENT CHILDREN

	Number of Salesmen	Percentage of Salesmen
None	112	47.8
1 dependent child	38	16.1
2 dependent children	29	12.3
3 dependent children	32	13.6
4 dependent children	14	5.9
5 dependent children	9	3.8
6 dependent children	2	0.8
TOTALS	236	100%

Mean: 1.29 dependent
children

Median: 0.66 dependent
children

Table B-6 shows the education level of the salesmen. Nearly 11 per cent reported having grade 9 or less, while 56.4 per cent reported having completed high school or better. About 9.4 per cent possessed university degrees.

TABLE B-6
HIGHEST LEVEL OF EDUCATION

	Number of Salesmen	Percentage of Salesmen
Grade 9 or less	25	10.7
Some High School	77	32.9
Completed High School	56	23.9
Some Technical School	11	4.7
Completed Technical School	9	3.8
Some University	34	14.5
University Degree	22	9.4
TOTALS	234	100%

From Table B-7 it can be seen that 102 or 43.2 per cent of the salesmen had been with their present firm less than six months. The median length of time with the same firm for all salesmen was under a year. Some 70 or 29.7 per cent of the salesmen reported that they had had some experience selling real estate with other firms. Varying amounts of "other" selling experience were reported by 44.9 per cent of the salesmen.

TABLE B-7

SELLING EXPERIENCE

I. Selling Real Estate with Same Firm

Less than	Number of Salesmen	Percentage of Salesmen
Less than 6 months	102	43.2
6 months to 18 months	52	22.0
18 months to 36 months	39	16.5
3 to 5 years	23	9.7
6 to 10 years	12	5.0
Over 10 years	8	3.3
TOTALS	236	100%
Mean: 1.73 years		Median: 0.81 years

II. Selling Real Estate with Other Firms

	Number of Salesmen	Percentage of Salesmen
Less than 6 months	166	70.3
6 months to 18 months	12	5.1
18 months to 36 months	14	5.9
3 to 5 years	17	7.1
6 to 10 years	17	7.1
Over 10 years	10	6.4
TOTALS	236	100%
Mean: 1.68 years		Median: "None"

III. Other Selling Experience

	Number of Salesmen	Percentage of Salesmen
Less than 6 months	130	55.1
6 months to 18 months	9	3.8
18 months to 36 months	21	8.9
3 to 5 years	17	7.1
6 to 10 years	15	6.3
Over 10 years	44	18.2
TOTALS	236	100%
Mean: 4.72 years		Median: "None"

2. Income:

Table B-8 shows the incomes reported by salesmen who worked in real estate in 1971. The average income was \$9,110 but most salesmen did not earn that much. The median income of \$7,750 is probably a

TABLE B-8
REPORTED INCOME FROM REAL ESTATE
SALES FOR 1971

	Number of Salesmen	Percentage of Salesmen
Less than \$3000	8	6.0
3000 to 5999	35	26.1
6000 to 8999	24	25.4
9000 to 11,999	24	17.9
12,000 to 14,999	16	11.9
15,000 to 19,999	9	6.7
20,000 and Over	8	6.0
TOTALS	134	100%

Mean: \$9110

Median: \$7750

more indicative figure. Moreover, since salesmen filled out questionnaires during the summer of 1972, it is expected that some low income earners during 1971 had dropped out of the industry by the time this study was carried out. Thus, the actual average and median incomes for salesmen in 1971 are probably considerably lower than shown.

Some 12.7 per cent or 17 salesmen reported 1971 earnings of \$15,000 or over. Eight of these salesmen reported 1971 earnings from

real estate of \$20,000 or more. This represented 6 per cent of the salesmen who reported incomes for 1971.

Only 48.1 per cent of salesmen reported that all of their 1971 income came from real estate sales while 38.8 per cent reported receiving 80 per cent or less of their 1971 income from real estate sales. This information is depicted in Table B-9. This indicates one of two things - the salesman did not start selling real estate until some time into 1971, or that a good portion of the salesmen have income from sources other than real estate sales.

TABLE B-9
PROPORTION OF TOTAL INCOME FROM REAL
ESTATE SALES FOR 1971

	Number of Salesmen	Percentage of Salesmen
40% or less	16	12.4
41% o 60%	12	9.3
61% to 80%	22	17.1
81% to 99%	17	13.1
100%	62	48.1
TOTALS	129	100%
Mean: 81.5%	Median: 95.4%	

3. Work Habits:

The average weekly number of hours worked, for all real estate salesmen, was 52.6. However, as Table B-10 indicates, there was a wide dispersion; six salesmen reported that they were "on-the-job" less than

20 hours weekly, while three salesmen reported that they worked over 80 hours a week, for instance.

TABLE B-10
WEEKLY HOURS "ON THE JOB"

	Number of Salesmen	Percentage of Salesmen
20 hours or Less	6	2.7
21 to 30 hours	14	6.3
31 to 40 hours	33	14.9
41 to 50 hours	55	24.7
51 to 60 hours	72	32.5
61 to 70 hours	24	10.8
71 to 80 hours	15	6.7
Over 80 hours	3	1.4
TOTALS	233	100%
Mean: 52.6 hours	Median: 54.2 hours	

Realtors spent a relatively small amount of time on "non-selling" activities such as filling out reports and attending sales meetings. The median number of "non-selling" hours a week was 7.9, with 39.3 per cent of salesmen spending less than 5 hours weekly on this. Table B-11 shows this information.

About 23 per cent of real estate salesmen reported that they were "always available" when a client required their services. Another 51 per cent stated that Sunday was the only time that they were

TABLE B-11
WEEKLY HOURS SPENT ON "NON-
SALES" ACTIVITY

	Number of Salesmen	Percentage of Salesmen
5 hours or Less	83	39.3
6 to 10 hours	61	28.9
11 to 15 hours	29	13.8
16 to 20 hours	19	9.0
Over 20 hours	19	9.0
TOTALS	211	100%
Mean: 10.3 hours	Median: 7.9 hours	

generally not available to clients. The 26 per cent remaining specified other times. This information is shown in Table B-12.

TABLE B-12
TIMES GENERALLY NOT AVAILABLE
TO CLIENTS

	Number of Salesmen	Percentage of Salesmen
Saturdays only	2	0.9
Sundays only	119	51.1
Weekend Evenings	14	6.0
Weekend Evenings & Sundays	19	8.2
Weekends	16	6.9
Other	10	4.3
Always Available	53	22.7
TOTALS	233	100%

In order to find out how salesmen divided their time between various selling activities, the salesmen were given a list of seven main activities and asked to rank them according to the amount of time spent on each. The results are shown in Table B-13. Three activities,

TABLE B-13
TIME SPENT BY SALESMEN ON VARIOUS
SALES ACTIVITIES

Activity	Overall Rank	Mean Rank	Median Rank
Showing Homes	1	2.561	2.310
Inspecting Listings	2	2.809	2.375
Securing Listings	3	2.860	2.514
Qualifying Prospects	4	3.521	3.453
Looking for Buyers	5	4.675	4.774
Being "Floor Man"	6	5.495	5.745
Holding Open Houses	7	6.055	6.400

Note: The larger the rank, the less time that is spent on that sales activity

showing homes, inspecting listings, and securing listings were the activities that salesmen spent the most time on. Although the amounts of time on each was nearly equal, "showing homes" was allocated more time than inspecting listings, which, in turn, was slightly ahead of securing listings. Qualifying, or attempting to find the needs and desires of prospective buyers, was ranked fourth, considerably lower than the first three. "Looking for prospective buyers" was ranked

fifth, and "being the floor man" ranked sixth. Salesmen spent the least amount of time holding open houses.

In a typical week, the average real estate salesman reported seeing 4 - 5 prospective buyers, as depicted in Table B-14. There was a wide dispersion in answers, however, with considerable numbers responding "2 prospects or less" and "8 prospects and over."

TABLE B-14
WEEKLY NUMBER OF PROSPECTIVE
BUYERS SEEN

	Number of Salesmen	Percentage of Salesmen
2 prospects or less	26	12.4
3 prospects	58	27.6
4 prospects	34	16.2
5 prospects	41	19.5
6 prospects	18	8.6
7 prospects	5	2.4
8 prospects or more	28	13.3
TOTALS	210	100%
Mean: 4.78 prospects Median: 4.12 prospects		

The salesmen were asked to indicate how long the initial interview with a buyer, before selecting properties to show the prospect, generally took. Their answers are shown in Table B-15. About 27.5 per cent reported that they spent less than one-half hour. The majority reported that they spent between one-half hour and one and one-half

hours on this first interview. Some of the salesmen who reported "90 and over" were commercial salesmen.

TABLE B-15

LENGTH OF TIME TO INTERVIEW A PROSPECTIVE
BUYER BEFORE SHOWING PROPERTIES

	Number of Salesmen	Percentage of Salesmen
Less than 10 minutes	6	3.0
10 to 29 minutes	49	24.5
30 to 59 minutes	67	33.5
60 to 89 minutes	49	24.5
90 minutes or more	29	14.5
TOTALS	200	100%

Some 46.8 per cent of the salesmen reported showing 4 to 5 houses, in total, to the average prospective buyer. Table B-16 also shows that 29.3 per cent showed three properties or less. A large

TABLE B-16

NUMBER OF PROPERTIES SHOWN
TO "AVERAGE" CLIENT

	Number of Salesmen	Percentage of Salesmen
3 properties or less	55	29.3
4 to 5 properties	88	46.8
6 to 7 properties	29	15.4
8 to 9 properties	11	5.9
10 properties or more	4	2.1
TOTALS	188	100%

number of responses to this question were not quantifiable; typical of these answers were "it varies," or "as many as needed." Another problem related to this item is that some of the salesmen may have misinterpreted this question as asking how many properties should be shown in a single showing. This would tend to make the figures appear lower than they really are.

The great majority of salesmen, 85.1 per cent, always or nearly always inspected each property personally before showing it to a prospective buyer. Table B-17 shows this information.

TABLE B-17
FAMILIARIZATION WITH PROPERTY
BEFORE SHOWING IT

	Number of Salesmen	Percentage of Salesmen
"Not Often"	5	2.1
"Sometimes"	30	12.8
"Nearly Always"	146	62.1
"Always"	54	23.0
TOTALS	235	100%

Speed of closing the sale was measured. It was found that fast closers, who attempted to introduce a purchase agreement as soon as the prospect appeared to be interested in buying, comprised about 47 per cent of the salesmen. Intermediate closers, who allowed the buyer up to twelve hours or so (but not overnight) to "think it over" comprised another 20 per cent. About 32.6 per cent were classified

as slow closers; they allowed the buyer "overnight" or longer or "as much time as he needs" to decide whether or not to buy. Table B-18 shows this information. For this question there were a sizeable number (42) or responses that could not be classified.

TABLE B-18
SPEED OF CLOSING SALE*

	Number of Salesmen	Percentage of Salesmen
Fast Closer	87	47.3
Intermediate Closer	37	20.1
Slow Closer	60	32.6
TOTALS	184	100%

* Note: This table indicates the amount of time that the salesman allows the client, after the client has shown an interest in a property, to make a decision on the purchase of that property.

Just over half of the salesmen reported that they "never" or "almost never" sell a property at or within \$250 of the asking price. As Table B-19 shows, another 47.3% of the salesmen reported that they "sometimes" sold at the "asking price." Only 2.3 per cent or 5 salesmen reported that they "nearly always" sold property at the asking price.

The "typical" salesman spends about 5 to 7 per cent of his time "keeping in touch" with previous clients through various record-keeping and other systems. However, as Table B-20 shows, some salesmen spent as much as 25 per cent or more of their time "on previous

TABLE B-19
 SELL AT "ASKING PRICE"
 (OR WITHIN \$250)

	Number of Salesmen	Percentage of Salesmen
"Never"	26	11.8
"Almost Never"	85	38.6
"Sometimes"	104	47.3
"Nearly Always"	5	2.3
TOTALS	220	100%

TABLE B-20
 AMOUT OF TIME SPENT ON
 PREVIOUS CLIENTS

	Number of Salesmen	Percentage of Salesmen
None	10	5.2
1 to 4 per cent of time on-the-job	58	30.0
5 to 9 per cent of time on-the-job	54	27.9
10 to 14 per cent of time on-the-job	47	24.4
15 to 24 per cent of time on-the-job	14	7.3
Over 25 per cent	10	5.2
TOTALS	193	100%

Mean: 7.37%

Median: 5.32%

clients" while others spent none. Again, there is a problem of validity here; it was found that some salesmen tended to confuse "previous

clients" with present clients.

Six methods of obtaining listings were presented to salesmen and they were asked to pick the ones that they used most frequently. Although "personal referral" was not included in the choices offered to salesmen, most salesmen commented that this was the most important method. Of the methods listed, "By Owner Ads" were the most popular, with about 67 per cent of all salesmen using this method. "By Owner Signs" was ranked second with 60 per cent of the salesmen using this method. "Expired listings" and "Cold Canvass Phone Solicitation" are next with roughly 50 per cent of the salesmen using each. "Cold Canvass Door to Door" and "Neighbors of Listing" canvassing were not highly popular methods, and were used by about 37 per cent and 33 per cent respectively of the salesmen. This information is summarized in Table B-21.

TABLE B-21
USE OF VARIOUS METHODS OF
OBTAINING LISTINGS

	Rank	Approximate % Salesmen Using
By Owner Ads	1 (most popular)	66.6%
By Owner Signs	2	60.0%
Expired Listings	3	50.7%
Phone Solicitation	4	49.5%
Door to Door Canvassing	5	36.9%
Neighbors of Listings	6 (least popular)	33.3%

It is the common practice in the Edmonton real estate industry to price a listing higher than its actual value. Over 57 per cent of the salesmen reported that they "always" or "nearly always" put a "cushion" in the price of properties they list. Only about 10.3 per cent reported that they "never" or "almost never" put a cushion in the price of the listing. Table B-22 shows this information.

TABLE B-22
USE OF "CUSHION" IN PRICING A LISTING

	Number of Salesmen	Percentage of Salesmen
"Never Use"	11	4.9
"Almost Never Use"	12	5.4
"Sometimes Use"	72	32.3
"Nearly Always Use"	83	37.2
"Always Use"	45	20.2
TOTALS	223	100%

4. Attitudes and Opinions:

This segment summarizes the answers of the salesmen to questions posed in the General Questionnaire that asked salesmen that opinions on certain subjects.

When asked how likely it was that he would remain in real estate sales for the indefinite future, 68.6 per cent of the salesmen replied "Very Likely." As Table B-23 also shows, 31.4 per cent were, to some extent, not sure.

TABLE B-23

LIKELIHOOD OF REMAINING IN REAL
ESTATE SALES FOR CAREER

	Number of Salesmen	Percentage of Salesmen
Very Likely	162	68.6
Not Sure	74	31.4
TOTALS	236	100%

When asked to choose between "high job security" or "high income," only 5.2 per cent of the salesmen preferred "high job security." The remaining salesmen were split almost evenly between preferring "some of both" and "high income" only. These results are shown in Table B-24.

TABLE B-24

PREFERENCE BETWEEN HIGH JOB
SECURITY & HIGH INCOME

	Number of Salesmen	Percentage of Salesmen
High Job Security	12	5.2
Some of Both	112	48.5
High Income	107	46.3
TOTALS	231	100%

Almost 37 per cent of all salesmen felt that not enough information, for the proper management of the firm, was going to management through formal reports from the sales force. About 62 per cent of the

salesmen agreed that the information that management did receive from the sales force was being used well by the management. Tables B-25 and B-26 show this information in more detail.

TABLE B-25

OPINION TOWARDS FLOW OF INFORMATION
TO MANAGEMENT FROM SALES STAFF

	Number of Salesmen	Percentage of Salesmen
Is Not Adequate	30	13.3
Is Somewhat Adequate	53	23.6
Is Adequate	114	50.7
Is Very Adequate	24	10.7
Is Excessive	4	1.8
TOTALS	225	100%

TABLE B-26

OPINION TOWARDS STATEMENT: "MANAGEMENT
USES INFORMATION WELL"

	Number of Salesmen	Percentage of Salesmen
Disagree Strongly	6	2.7
Disagree Somewhat	30	13.3
No Opinion	50	22.2
Agree Somewhat	108	48.0
Agree Strongly	31	13.8
TOTALS	225	100%

Salesmen were asked to indicate which "sales aid" they felt was most important to them. The largest group, 38.5 per cent, believed that lawn signs were the most important. Another 30.5 per cent felt that advertising was the most important. Only 17.7 per cent and 4.4 per cent selected M.L.S. and Pamphlets and Brochures, respectively. The remaining 8.8 per cent felt that "other" sales aids were more important. Table B-27 summarizes this information.

TABLE B-27
MOST IMPORTANT SALES AID

	Number of Salesmen	Percentage of Salesmen
Pamphlets & Brochures	10	4.4
M.L.S.	40	17.7
Advertising	69	30.5
Lawn Signs	87	38.5
Other	20	8.8
TOTAL	226	100%

The majority (55.6 per cent) of salesmen felt that their firm's sales training was less than adequate. As Table B-28 shows, only 14.3 per cent felt the firm's sales training was "very adequate."

Salesmen were nearly unanimous in agreeing that sales meetings, when held, were at least of some benefit, as shown in Table B-29. However, a large number felt that these meetings could be improved and pointed out a number of possible improvements. Most of these improvements centered around better organization of and preparation for sales

TABLE B-28

OPINION OF FIRM'S SALES TRAINING

	Number of Salesmen	Percentage of Salesmen
Very <u>Inadequate</u>	25	11.2
Somewhat <u>Inadequate</u>	20	9.0
Helpful, but <u>not</u> Adequate	79	35.4
Quite Adequate	67	30.0
Very Adequate	32	14.3
TOTALS	223	100%

TABLE B-29

OPINION TOWARDS SALES MEETINGS

	Number of Salesmen	Percentage of Salesmen
No Benefit	6	2.6
Some Benefit	116	50.0
Large Benefit	57	24.6
Great Benefit	53	22.8
TOTALS	232	100%

meetings by the branch managers. Many salesmen wanted to have more meaningful discussion and exchange of ideas, not just a cut and dried information session.

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